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Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period November 1, 2008 to October 31, 2009

Pursuant to s. 18(6) of the Standards of the Public Accountants Council for the Province of Ontario

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Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended November 1

	2008	2009
Licence Activity		
Total Number of Licences - Beginning of Period (October 31, 2008)	**8684**	**6803**
Add: **Licences Granted in Period**		
i) Members not previously licenced	81	90
ii) Members permitted to practice public accounting in other jurisdictions of Canada	10	10
iii) Members permitted to practice public accounting outside Canada	9	6
iv) Members re-licenced who were licensees		
- Members who met the minimum criteria	36	22
- Members who did not meet the minimum criteria per Appendix E	1	0
	137	128
	8821	**6931**
Less: **Licenses Removed in Period**		
Licences revoked - membership status	-5	-17
Licences revoked - Discipline	-5	-2
Licences revoked - Expired or Resigned	-1968	-1158
Licences revoked - Deceased	-16	-17
Suspended Licences (Fees or Discipline)	-24	-8
	-2018	**-1202**
Total Number of Licences at October 31	**6803**	**5729**
Applications for licence – licence not granted	**6**	**0**

Activity Report
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Firms Authorized to Practise Public Accounting at October 31	2008	2009
Partnerships	852	822
Professional Corporations	943	979
Sole Practitioner Licensees	1629	1344
Total Firms Authorized - at October 31	**3424**	**3145**

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2009

	2008	2009
Complaints Analysis - Licensees as at October 31		
Total number of ongoing complaints - Beginning of Period	**44**	**64**
Add:		
Complaints Received by Professional Conduct Committee in Period	115	106
Total Number of Complaints for the Period (New & Ongoing)	159	170
Less:		
Complaints dismissed with no further action in period	-30	-39
Complaints referred to discipline committee in period	-23	-12
Complaints dismissed with an admonishment issued in period	-42	-47
	-95	-98
Total Number of Ongoing Complaints as at October 31	**64**	**72**
Note: 16 of the 72 complaints have been ongoing for more than one year.		
Discipline Committee Analysis - Licensees as at October 31		
Open referrals to discipline committee - Beginning of Period	**4**	**10**
Add:		
Complaints referred to discipline committee during the period	23	12
Less: Decisions rendered by discipline committee during the period - by finding		
Finding - Not guilty of professional misconduct	0	0
Finding - Guilty of professional misconduct - Summary of Sanctions per Appendix A	-16	-13
Member deceased prior to hearing		-1
Charges withdrawn prior to hearing		-1
Finding - Guilty of professional misconduct - Stayed by appeal	-1	-1
Open referrals to Discipline Committee - at October 31 (end of period)	**10**	**6**

Activity Report
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	2008	2009
Appeal Committee Analysis - Licensees as at October 31		
Open requests for appeal - Beginning of Period	1	1
Add:		
Requests for appeal received during the period	1	1
Less: Decisions rendered by appeal committee during the period - by finding		
Finding - Discipline Committee decision upheld - Summary of Sanctions per Appendix B	-1	-2
Finding - Discipline Committee decision varied - Summary of Sanctions per Appendix B	0	0
Open Requests for Appeal - at October 31 (end of period)	1	2

Activity Report
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	2008	2009
Applications for Judicial Review Analysis - Licensees as at October 31, 2009		
Open applications for Judicial Review - Beginning of Period	0	1
Add:		
Applications for Judicial Review made during the period - Summary of Grounds per Appendix C	1	1
Less:		
Judicial Review Completed in the period - Summary of Outcomes per Appendix C	0	1
Open Judicial Review Matters - at October 31, 2009	1	1

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2009

	2008	2009
Students Admitted to Membership During the Period who Completed the Basic Requirements for Licensing Qualification		
Licence granted	25	19
Licence not granted (did not complete Additional Requirements for licensing)	0	0
Did not apply for a licence	830	981
Licence applications pending	16	3
	871	1003
Students and Candidates Registered in the Public Accounting Training Program Leading to Qualification for Licensing at October 31	5039	5011
Students and Candidates Not Registered in the Public Accounting Training Program Leading to Qualification for Licensing at October 31	31	99
Total Students Enrolled in Program - at October 31, 2009	5070	5110

Listing of Accounting Bodies in Jurisdictions Outside Canada Having Substantially Equivalent Standards

The Hong Kong Institute of Certified Public Accountants
The Institute of Chartered Accountants of Australia
The Institute of Chartered Accountants in England and Wales
The Institute of Chartered Accountants in Ireland
The Institute of Chartered Accountants of New Zealand
The Institute of Chartered Accountants of Scotland
The Institute of Chartered Accountants of South Africa
The Japanese Institute of Certified Public Accountants
The Institute des Reviseures d'Enterprises de Belgique
The Netherlands Institute of Register Accountants
Order des experts comptables et des comptables agréés, France
The Instituto Mexicano de Contadores Publicos
U.S. State Boards of Accountancy which exempt Ontario CAs from writing the uniform CPA examination

Appendix A

SANCTION	Dianne Chandler	John Cleveland-Iliffe	Kathryn Croucher	Ronald Day	James Horn	Thomas Lo	Stephen Marcus
Suspension From Membership	X non-compliance			X		X non-compliance	
Expulsion From Membership			X				X
Suspension of Licence	X non-compliance			X		X non-compliance	
Revocation of Licence			Expired prior to hearing				X
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed							
Period of Supervision							
Re-investigation Ordered							
Prescribed PD or Other Courses or Successful Completion of Examinations							
Fine	X	X	X	X	X	X	X
Reprimand	X	X	X	X	X	X	X
Other Sanctions - Specify	Cooperation with Practice Inspection		Newspaper publication			Cooperation with Practice Inspection	Newspaper publication
Costs		X	X	X	X	X	X

SANCTION	Robert Michaud	Frank Presta	Yunshen Xing	John Zaba	Graeme Jones	B. Desmond Weatherhead
					Settlement Agreement	Settlement Agreement
Suspension From Membership	X non-compliance		X		X	
Expulsion From Membership	X non-compliance					
Suspension of Licence	Expired prior to hearing		Expired prior to hearing		Expired prior to hearing	
Revocation of Licence						
Suspension of Authorization to Practise						
Revocation of Authorization to Practise						
Limitations to Practise Imposed						
Period of Supervision						
Re-investigation Ordered						
Prescribed PD or Other Courses or Successful Completion of Examinations						
Fine	X	X	X	X	X	X
Reprimand	X	X	X	X		X
Other Sanctions - Specify	-Cooperation with Practice Inspection -Newspaper notice (non-compliance)	Cooperation with PCC	-Newspaper notice			
Costs	X	X	X			

Appendix B

Summary of Appeals For The Period Ended October 31, 2009

Case Name:	Frank Presta, CA
Summary of Discipline Panel Findings:	Found guilty of a charge under Rule 203.2 (cooperation with conduct investigations and practice inspections) of failing to cooperate in a Professional Conduct Committee investigation. Mr. Presta was fined $3,500, charged costs of $5,500 and ordered to cooperate with the investigaiton.
Appellant:	Frank Presta, CA
Grounds For Appeal:	That the Discipline Committee erred in its decision that Mr. Presta did not cooperate by failing to provide evidence and relevant information to the Professional Conduct Committee. That the Discipline Committee erred in assessing costs and fines against Mr. Presta.
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.

Summary of Appeals For The Period Ended October 31, 2009

Case Name:	J. Douglas Barrington, FCA Claudio B. Russo, CA Anthony Power, FCA (no licence)
Summary of Discipline Panel Findings:	Messrs. Barrington, Power and Russo - found guilty of a charge under Rule 206 (compliance with professional standards); Messrs. Power and Russo found guilty of a second charge under Rule 206. Messrs. Barrington, Power and Russo were each fined $100,000, each charged costs of $417,000, with full publicity including newspaper publication.
Appellant:	Messrs. Barrington, Power and Russo
Grounds For Appeal:	Mr. Barrington sought to have the Decision set aside and the charge against him dismissed. In the event that the Appeal Committee did not both allow the appeal and dismiss the charge against him, a hearing *de novo* be ordered. In the event the foregoing relief is not granted, the Appeal Committee should make an Order allowing his appeal from the sanction, including costs, ordered by the Discipline Committee. Messrs. Power and Russo sought to have the Order vacated and a verdict of not guilty substituted on both Charges 1 and 2 and that there be no order as to costs. Alternatively, that a finding be made that Messrs. Power's and Russo's natural justice was denied by the Discipline Committee and that a hearing *de novo* be ordered. In the further alternative, that the Order as against Messrs. Power and Russo be vacated and a more reasonable order as to sanction and costs be substituted. They further sought other relief as may become necessary or apparent upon the review of the record in this case. It was submitted that the Discipline Committee lacked jurisdiction to assess costs because the Institute's bylaws do not conform to the *Statutory Powers Procedure Act (SPPA)* and the circumstances of this case do not meet the requirements of the *SPPA* to assess costs.

Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee and held that the Institute has the authority to assign costs upon a guilty member.

Summary of Applications For Judicial Review Completed For The Period Ended October 31, 2009

Case Name:	Thomas Edward Appleton, CA
Summary of Discipline Panel Findings:	Found guilty of charge under Rule 204.2 (Independence). Mr. Appleton conducted a review of financial statements of a company while holding an 8% share for which he received dividends. Mr. Appleton was fined $2,000 and charged costs of $5,000.
Appellant:	Thomas Edward Appleton, CA
Grounds For Appeal:	That the Discipline Committee misconstrued the Rules of Professional Conduct in general and Rule 204.2 in particular in finding Mr. Appleton guilty of the appearance of impaired professional judgment or objectivity for reviewing the financial statements of a company while holding 8% of the shares in that company
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.
Grounds for Judicial Review:	(a) The tribunal and the committee erred in law in its interpretation of Rule 204 of the Rules of Professional Conduct. (b) The tribunal and the committee erred in law in finding that the applicant was in breach of the Rules of Professional Conduct of the Institute (c) The committee erred in law in permitting the expert testimony of Raymond G. Harris, FCA, to be heard and in relying on such evidence to support its finding of guilt.
Decision of Divisional Court:	Application dismissed.

Summary of Applications For Judicial Review Made For The Period Ended October 31, 2009

Case Name:	J. Douglas Barrington, FCA Anthony Power, CA Claudio B. Russo, CA
Summary of Discipline Panel Findings:	Messrs. Barrington, Power and Russo - found guilty of a charge under Rule 206 (compliance with professional standards); Messrs. Power and Russo found guilty of a second charge under Rule 206. Messrs. Barrington, Power and Russo were each fined $100,000, each charged costs of $417,000, with full publicity including newspaper publication.
Appellant:	Messrs. Barrington, Power and Russo
Grounds For Appeal:	Mr. Barrington sought to have the Decision set aside and the charge against him dismissed. In the event that the Appeal Committee did not both allow the appeal and dismiss the charge against him, a hearing *de novo* be ordered. In the event the foregoing relief is not granted, the Appeal Committee should make an Order allowing his appeal from the sanction, including costs, ordered by the Discipline Committee. Messrs. Power and Russo sought to have the Order vacated and a verdict of not guilty substituted on both Charges 1 and 2 and that there be no order as to costs. Alternatively, that a finding be made that Messrs. Power's and Russo's natural justice was denied by the Discipline Committee and that a hearing *de novo* be ordered. In the further alternative, that the Order as against Messrs. Power and Russo be vacated and a more reasonable order as to sanction and costs be substituted. They further sought other relief as may become necessary or apparent upon the review of the record in this case. It was submitted that the Discipline Committee lacked jurisdiction to assess costs because the Institute's bylaws do not conform to the *Statutory Powers Procedure Act (SPPA)* and the circumstances of this case do not meet the requirements of the *SPPA* to assess costs.

Summary of Appeal Decision:

The appeal panel upheld the Decision and Order of the Discipline Committee and held that the Institute has the authority to assign costs upon a guilty member.

Grounds for Judicial Review:

The Applicant, J. Douglas Barrington, FCA, made application for:

(a) A declaration that the Discipline Committee and the Appeal Committee of the Institute of Chartered Accountants of Ontario (the "ICAO") made errors of law, breached principles of natural justice, and acted without jurisdiction in their conduct of professional disciplinary proceedings against the Applicant, and in the decisions reached in those proceedings;

(b) An order in the nature of certiorari quashing the decision of the Discipline Committee of the ICAO, dated February 11, 2007 (the "DC Decision"), the decision of the Discipline Committee of the ICAO with respect to sanction and costs, dated September 27, 2007, and the decision of the Appeal Committee of the ICAO, dated February 13, 2009 (the "AC Decision");

(c) The costs of the judicial review proceeding; and

(d) Such further and other relief as the Court may permit.

The Applicants, Anthony Power, FCA ("Power") and Claudio Russo, CA ("Russo"), made application for:

(a) A declaration that the Discipline Committee and the Appeal Committee of the Institute of Chartered Accountants of Ontario ("ICAO"), breached the principles of natural justice and deprived the Applicants of their right to procedural fairness in the conduct of professional discipline proceedings against the Applicants;

(b) A declaration that the Discipline Committee and the Appeal Committee erred in law, took into account improper and irrelevant considerations, ignored relevant considerations and acted without jurisdiction, or outside their jurisdiction, in convicting Power and Russo of professional misconduct when there was no reasoned basis to do so;

(c) An order in the nature of certiorari quashing or setting aside the orders of the Discipline Committee and the Appeal Committee;

(d) The Applicant's costs of the judicial review application; and

(e) Such further and other relief as counsel may request and the Court may permit.

The Applicants submitted that the Appeal Committee erred in its conclusion that the Discipline Committee has the necessary statutory authority to order costs.

Changes Made to Regulatory Statute, Bylaws, Rules, Regulations, Policies, Procedures for the Period ended October 31, 2009

* *documents attached*

Summary of Bylaw Changes

February 20, 2009

Council adopts or amends bylaws and Rules of Professional Conduct, as follows:

- Bylaw 801 (Mandatory Continuing Professional Development) repealed and new Bylaw 801 (Mandatory Continuing Professional Development introduced [First Bylaw of 2009];
- amendment of various bylaws related to public accounting licensing to update or clarify their provisions [Second Bylaw of 2009];
- amendment of Bylaw 510 (Professional Conduct Committee), Bylaw 511 (Reviewer of Complaints) and Bylaw 353 (Readmission and restoration after expulsion or revocation by disciplinary order) [Third Bylaw of 2009];
- amendment of various bylaws relating to retention of the certification of Council election results, the presentation of the audited financial statements to the Institute's annual general meeting, and the appointment, authority and responsibilities of the registrar [Fourth Bylaw of 2009];
- amendment of Rules of Professional Conduct 204.8 (Disclosure of Impaired Independence), 217.1 (Advertising and promotion), 217.3 (Endorsements) and the Foreword to the Rules of Professional Conduct [Fifth Bylaw of 2009].

June 18, 2009

Members approve atthe Annual General Meeting the bylaws and amendments to bylaws passed by the Council on February 20, 2009.

FIRST BYLAW OF 2009

The First Bylaw of 2009 repeals current Bylaw 801 (Mandatory Continuing Professional Development) and introduces a new Bylaw 801 (Mandatory Continuing Professional Development). The new Bylaw 801:

- Streamlines the CPD reporting process for members and the administrative processes for reviewing member compliance with CPD requirements, and implements recommendations for harmonization of CPD administrative processes among provincial institutes of chartered accountants as recommended by the CA Profession's Public Trust Task Force.
- Provides greater administrative authority to Institute staff thereby reducing the number of matters of an administrative nature that must be dealt with by a committee.
- Clarifies the provisions regarding suspension and termination of membership for non-compliance with the CPD requirements.
- Provides authority for the Council to adopt a regulation to implement CPD audit processes for members currently not subject to practice inspection.
- Provides authority to the Council to codify the criteria for waivers, reductions and other types of special consideration.
- Incorporates changes in CPD requirements for members who are retired from full-time practice, full-time employment or full-time business activity and, although not licensed as public accountants, are involved in an activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant and
    - is remunerated for such services, or
    - serves on the board or governing body of a reporting issuer as defined in Rule of Professional Conduct 204, or
    - serves on the board or governing body of a public interest entity.
- Disbands the current Professional Development and Lifelong Learning Committee and transfers its responsibilities to the Membership Committee.

The new Bylaw 801 retains the requirements of current Bylaw 801 regarding the content of continuing professional development, required minimum annual and three-year amounts of continuing professional development and the definitions of verifiable and unverifiable continuing professional development.

SECOND BYLAW OF 2009

The Second Bylaw of 2009 amends various bylaws related to public accounting licensing to update or clarify their provisions in respect of:

- the definition of "compilation services", to be consistent with the language used in the *Public Accounting Act, 2004*;
- the authority granted to the applications committee to determine
    - whether applicants for admission to membership in the Institute who are CPAs in the United States of America or members of other recognized accounting bodies outside Canada have fulfilled the competency requirements prescribed by the Council for eligibility to obtain a public accounting licence;

- whether a member who is licensed or authorized to practise public accounting in a jurisdiction outside of Ontario has fulfilled the requirements prescribed in the bylaws for eligibility to obtain a public accounting licence in Ontario;
- the definition of "practising office" for licensing eligibility purposes to include the national or head office of a public accounting firm that is registered with the Canadian Public Accountability Board as a participating audit firm;
- the definition of participating in a recognized capacity in public accounting services as it relates to members who practise in a public accounting practice office located outside Canada;
- the authority of the public accounting licensing committee to exercise discretion to grant a public accounting licence to a member;
- the suspension or revocation of the certificate of authorization issued to a professional corporation.

THIRD BYLAW OF 2009

The Third Bylaw of 2009 amends the provisions of Bylaw 510 (Professional Conduct Committee) dealing with the powers of the Professional Conduct Committee, amends Bylaw 511 (Reviewer of Complaints) to expand the authority of the independent reviewer of complaints regarding the referral back to the Professional Conduct Committee for reconsideration of a decision to not make a charge against a member, student or firm and updates the provisions of Bylaw 353 (Readmission and restoration after expulsion or revocation by disciplinary order) consequent upon the adoption new Bylaw 801as set out in the First Bylaw of 2009.

FOURTH BYLAW OF 2009

The Fourth Bylaw of 2009 amends various bylaws relating to:

- the registrar's retention of the certificate of results of the Council election and to providing a copy of the certificate of results to any member of the Institute (Bylaw 203);
- the presentation of the audited financial statements to the Institute's annual general meeting (Bylaw 243);
- the appointment of the registrar by the Council, the appointment of an acting registrar in the event of the absence, illness or incapacity of the registrar and the authority and responsibilities of the registrar (Bylaw 103 and Bylaw 223).

FIFTH BYLAW OF 2009

The Fifth Bylaw of 2009 amends

- Rule of Professional Conduct 204.8 (Disclosure of Impaired Independence) by replacing the word "influence" with the word "activity" to remove an inconsistency in the wording of the rule;
- Rule of Professional Conduct 217.1 (Advertising and promotion) and Rule of Professional Conduct 217.3 (Endorsements) to remove the references to the vague and subjective requirement that advertising not contravene "professional good

taste", while retaining the requirement that advertising must not be false or misleading or make unfavourable reflections on the competence or integrity of the profession or any member or firm;

- the Foreword to the Rules of Professional Conduct, as recommended by the CA profession's Rules Harmonization Committee, to align the fundamental principles of ethics underlying the rules of professional conduct more closely with their description in the Code of Ethics of the International Federation of Accountants ("IFAC"). This helps to facilitate convergence of the Canadian rules of professional conduct with the IFAC Code in accordance with the CA profession's membership obligation to IFAC. Further, the amendments to the Foreword clarify that "objectivity" is one of the fundamental principles of ethics that underlie the rules of professional conduct. Before 2003 and the adoption of the current Rule 204 (Independence), the term "objectivity" was used by the Canadian CA profession to refer to what is known internationally as "independence". The amended Foreword also notes that the public expects that those practising in the profession will bring objectivity to their professional services.

Related amendments to Council Interpretation 204.8 (attached as Appendix A) and Council Interpretations 217.1 and 217.3 (attached as Appendix B) and recommended by the Rules Harmonization Committee also have been adopted by the Council.

June 18, 2009

Council adopts further amendment of Bylaw 801 (Mandatory continuing Professional Development) to remove inconsistencies between two categories of retired members.

Summary of Rule Changes

Rule changes made as part of the Bylaws of 2009 above.

Summary of Regulation Changes

June 18, 2009

Council adopts amendment of Regulation II dealing with timelines for applicants and membership candidate registration while completing other examinations.

September 25, 2009

The Council adopted amendments to the Mandatory Professional Liability Insurance Regulation for assurance services performed without fee or other reward.

Summary of Policy Changes

There were no policy changes for the period.

Summary of Procedure Changes

There were no procedure changes in the period.

Appendix E

Number of Licences Granted Where the Applicant has not met the Minimum Criteria

Minimum Criteria	Number of Licences granted where the minimum criteria not met
Practice Environment	0
Practice Capacity	0
Continuing Professional Development	0
Eligible Hours	3
Ethical and Independence Requirements	0
Other	0
Total	3

Summary of Supporting Reasons why the Licensing Board exercised its judgement to grant the licence:

Member employed with a firm from March 19, 2007 to present (24.5 mos.), previously employed with the same firm in BC from April 28, 2003 to March 19, 2007 (47.5 mos.), indicated 1,453 hours in section A (public accounting hours) and 607 hours in section B (designated services hours), for a total of 2,060 hours obtained within the 5-year period immediately prior to the date of application for a licence; complied with CPD requirement; practice inspection 2008.

Member employed with a firm from August 30, 2004 to present (56 mos.), previously employed with a national firm, Saudi Arabia, from October 22, 2004 to May 12, 2005 (6.5 mos.); indicated 0 hours in section A (public accounting hours) and 7,440 hours in section B (designated services hours), for a total of 7,440 hours obtained within the 5-year period immediately prior to the date of application for a licence; however, 2,100 hours indicated in designated services were acquired in research conducted for, or advice given to, assurance clients on matters related to assurance engagements; complied with CPD requirement; practice inspection 2006.

Member employed with a corporation from December 4, 2006 to present (25 mos.), previously employed with a firm from April 18, 2005 to December 4, 2006 (20.5 mos.) and with another firm from September 30, 2002 to April 16, 2005 (31 mos.); indicated 3,389.5 hours in section A (public accounting hours) and 342.1 hours in section B (designated services hours) for a

total of 3,731.6 hours obtained in the years from 2002 to 2008; however, 2,799 hours in section A and 75.3 hours in section B were obtained in the years from 2002-2004. Accordingly a total of 857.3 hours have been within the 5-year period immediately prior to the date of application for a licence, of which 590 hours in section A (public accounting). The member was on maternity leave until November, 2009 but she established a sole proprietorship in March, 2009. She complied with CPD requirement; practice inspection (previous firm) 2003. **Licence granted subject to registration of a public accounting practice with the Institute, filing a declaration of PL Insurance coverage, and successful practice inspection within 12 months.**

Appendix F

Number of Licence Renewals where the Applicant has not met the Minimum Criteria

Minimum Criteria	Number of Renewals where the minimum criteria not met
Practice Environment	0
Practice Capacity	0
Continuing Professional Development	18
Practice Inspection	3
Eligible Hours	142
Ethical and Independence Requirements	0
Other	0
Total	163
Related Licence Renewals (Total Licence Renewals to October 31)	3480

Summary of Supporting Reasons why the Licensing Board exercised its judgement to renew the licence:

Continuing Professional Development (18 renewals)

For 10 renewals, licence was renewed subject to the members complying with the CPD requirement by December 31, 2009, failing which the licence would be revoked.

For 1 renewal, licence was renewed for six months subject to the member complying with the CPD requirement within that six-month period, failing which the licence would be revoked.

For 7 renewals, the members had been granted waivers of the Continuing Professional Development requirement because they were on medical, disability or maternity leave.

Practice Inspection(3 renewals)

For 3 renewals, licence was renewed subject to the members having a successful practice inspection by November 1, 2010.

Eligible Hours (142 renewals)

50 renewals	Members obtained at least 1,250 eligible hours but less than 2,500 eligible hours within the immediate past five years that included at least 500 eligible hours in public accounting services (assurance or compilation services).
5 renewals	Members obtained more than 500 but less than 1,250 eligible hours in public accounting services (assurance or compilation services) and in each case obtained at least 2,500 eligible hours within the immediate past five years.
1 renewal	Member had not reported any eligible hours in public accounting services (assurance or compilation services) within the immediate past five years and had obtained at least 2,500 eligible hours that included a minimum of 500 eligible hours in designated services consisting of: • research on the interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards (GAAS) or on professional standards; and/or • research conducted for, or advice given to, assurance clients on matters related to assurance engagements.
2 renewals	Members who are practising public accounting and have used "fixed fee" billing of clients and therefore have not tracked hours. The members will be required to track and report eligible hours in subsequent years.
1 renewal	Member employed with a public accounting practice who is on parenting leave.
7 renewals	Members transitioning back to the practice of public accounting and based on the size of the practices and nature of the public accounting services provided are expected to be able to comply with the eligible hours requirement in subsequent years.
1 renewal	Member is a part-time practitioner and has only one client for which a review engagement is performed. Member wishes to provide service to his client until client closes his law practice. Member

has been advised that his licence is renewed for one year only unless he meets the eligible hours requirement in order to be licensed in subsequent years.

75 renewals

Members currently engaged in the practice of public accounting having obtained eligible hours that are below the minimum criteria because of the way in which they have structured their practices or the nature of their client base. The Public Accounting Licensing Board renewed the licences in each case where the member has obtained 200 or more eligible hours in public accounting services (assurance and/or compilations). Renewal of the licences was granted for one year to provide time for the members to either change the nature of their practices in order to be able to meet the minimum eligible hours in public accounting services for renewals beginning November 1, 2010 or to transition out of providing assurance services, for which a licence is required. 37 of these licensees are either sole practitioners or part-time practitioners.

ICAO BYLAW CHANGES
in the period from November 1, 2008 to October 31, 2009

FIRST BYLAW OF 2009

Explanatory Note:

The First Bylaw of 2009 repeals current Bylaw 801 (Mandatory Continuing Professional Development) and introduces a new Bylaw 801 (Mandatory Continuing Professional Development). The new Bylaw 801:

- *Streamlines the CPD reporting process for members and the administrative processes for reviewing member compliance with CPD requirements, and implements recommendations for harmonization of CPD administrative processes among provincial institutes of chartered accountants as recommended by the CA Profession's Public Trust Task Force.*
- *Provides greater administrative authority to Institute staff thereby reducing the number of matters of an administrative nature that must be dealt with by a committee.*
- *Clarifies the provisions regarding suspension and termination of membership for non-compliance with the CPD requirements.*
- *Provides authority for the Council to adopt a regulation to implement CPD audit processes for members currently not subject to practice inspection.*
- *Provides authority to the Council to codify the criteria for waivers, reductions and other types of special consideration.*
- *Incorporates changes in CPD requirements for members who are retired from full-time practice, full-time employment or full-time business activity and, although not licensed as public accountants, are involved in an activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant and*
  - *is remunerated for such services, or*
  - *serves on the board or governing body of a reporting issuer as defined in Rule of Professional Conduct 204, or*
  - *serves on the board or governing body of a public interest entity.*
- *Disbands the current Professional Development and Lifelong Learning Committee and transfers its responsibilities to the Membership Committee.*

The new Bylaw 801 retains the requirements of current Bylaw 801 regarding the content of continuing professional development, required minimum annual and three-year amounts of continuing professional development and the definitions of verifiable and unverifiable continuing professional development.

IT IS HEREBY ENACTED as the First Bylaw of 2009 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Current Bylaw 801 (Mandatory Continuing Professional Development) is repealed.

2. New Bylaw 801 (Mandatory Continuing Professional Development) is introduced, as follows:

800 MANDATORY CONTINUING PROFESSIONAL DEVELOPMENT

801 Mandatory continuing professional development requirements

(1) Membership Committee

In addition to Bylaw 269, the membership committee has authority to:

(a) prescribe a form of compliance declaration, plan of action, waiver request, or other forms or documents to be filed by members;

(b) require a member to produce such verification of the contents of the member's compliance declaration as the committee deems necessary including, but not limited to, confirmation of verifiable and unverifiable continuing professional development undertaken by a member; and

(c) review and make a determination based upon written submissions from a member, whether the member has complied with the requirements of this bylaw, including but not limited to matters relating to the adequacy, completeness or accuracy of any compliance declaration or other form or document submitted by a member;

(d) make recommendations to the Council regarding continuing professional development policies and procedures;

(e) consider and decide any request by a member for a review of a decision of the registrar in regard to a request for exemption from the applicability of this bylaw or a request for a waiver, reduction or other special consideration as a result of a leave from the workforce due to maternity, parenting, family care, medical circumstances, voluntary unemployment, involuntary unemployment or other circumstances, in keeping with this bylaw, applicable regulation, policy, procedure or guideline adopted by the Council from time to time;

(f) make a complaint to the professional conduct committee where the membership committee becomes aware that a member has not complied with the requirements of this bylaw or any other bylaw, regulation, policy or procedure approved by Council to govern continuing professional development;

(g) direct the registrar to suspend or terminate any member not in compliance with the provisions of this bylaw or any regulation or make a complaint to the professional conduct committee;

(h) receive for the record notice of the suspension or termination of members who have not complied with the requirements of this bylaw;

(i) implement a process to audit members to ensure compliance with the requirements of this bylaw in accordance with the applicable regulation, policy or procedure, as may be approved by the Council from time to time;

(j) take steps or actions as may be necessary to give effect to the requirements of this bylaw.

(2) Members subject to the mandatory continuing professional development requirement

Every member not otherwise exempt from the provisions of this bylaw shall undertake continuing professional development relevant and appropriate to the member's work and professional responsibilities.

(3) Required minimum amount of continuing professional development
The minimum amount of continuing professional development that a member must complete, unless the member is exempt from such requirement under the provisions of this bylaw or has received a waiver or reduction as may be applicable, shall be:
(a) 20 hours annually; and
(b) 120 hours in every three-year reporting period.
At least 10 hours of the 20-hour annual requirement and at least 60 hours of the 120-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other continuing professional development.

In accordance with clause (18), a retired member is not required to complete continuing professional development.

Where a retired member claims that he or she is not subject to the requirements of this bylaw and the registrar determines that this bylaw applies to the member, the member may apply in writing to have the matter reviewed by the membership committee. The committee shall make a final determination in respect of the matter and there shall be no further review.

(4) Transitional provisions
Notwithstanding the provisions of clause (5) of this bylaw, the reporting period for compliance with the provisions of this bylaw shall be in accordance with former Bylaw 801(20) and (21) and these provisions shall remain in force and effect until January 1, 2010.

Notwithstanding the provisions of clause (18) of this bylaw, the former Bylaw 801(18) shall remain in force and effect until January 1, 2010 and clause (18) of this bylaw shall not come into force and effect until this date.

(5) Reporting period
The first three-year reporting period of the purposes of complying with this bylaw shall commence on January 1, 2010. Every three-year period thereafter shall end on December 31 and begin on January 1 in similar fashion.

(6) Content of continuing professional development
The content of the member's professional development activity must contribute to the member's personal professional development and the activity shall:
(a) be quantifiable, meaning that it must be specifically identifiable and be able to be expressed in terms of a specific time requirement;
(b) be directly related to the competencies needed to carry on the member's employment or practice;

(c) be relevant to the member's current professional needs and/or long-term career interests; and
(d) contain significant intellectual or practical content.

(7) Verifiable continuing professional development
"Verifiable continuing professional development" means that the learning can be objectively verified by a competent source and may include:
(a) participation in courses, conferences and seminars;
(b) organized employer-based in-house training sessions;
(c) research or study projects in areas that expand the professional knowledge of the member and that result in presentations, reports or similar documentation;
(d) research, including reading professional literature or journals for specific application in a professional role;
(e) participation and work on technical committees;
(f) published professional writing or academic work;
(g) writing technical articles, papers or books;
(h) teaching a course or a continuing professional development session in an area that is relevant to a professional role;
(i) participation as a speaker in conferences, briefing sessions or discussion groups;
(j) formal study such as leading to a degree or diploma;
(k) pre-professional re-examination or formal testing;
(l) self study involving successful completion of an examination or leading to a designation.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time pursuant to this bylaw and Bylaw 267.

(8) Unverifiable continuing professional development
"Unverifiable continuing professional development" means independent and informal learning activities and may include:
(a) on-the-job training for new software, systems, procedures or techniques for application in a professional role;
(b) self study that does not involve an examination or other objective certification of completion, such as conference reference material or self-study by electronic media or device;
(c) casual reading of professional journals or magazines that is not part of research for a specific application in a professional role.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time pursuant to this bylaw and Bylaw 267.

(9) Filing compliance declaration and other documents
Every member subject to the continuing professional development requirements of this bylaw shall submit annually on or before the due date prescribed in the notice sent by the Institute, a completed compliance declaration in the

prescribed form attesting that the requirements of this bylaw have been met, not met, or that the member is not required to undertake continuing professional development in accordance with clause (18).

Where a member files a compliance declaration indicating therein that the member did not complete the required continuing professional development, the member shall:

(a) file with the registrar within 14 days of filing the compliance declaration, a completed plan of action in the prescribed form, detailing how the member intends to complete the required continuing professional development; or
(b) file with the registrar within 14 days of filing the compliance declaration, a request in the prescribed form, for an exemption, reduction or other special consideration, from the prescribed professional development requirements of this bylaw and any additional information as may be required to support such request in accordance with the applicable regulation, policy or procedure approved by the Council from time to time.

(10) Plan of action

The registrar shall review a member's plan of action to ensure that it contains sufficient information to establish that the member intends to comply with the provisions of this bylaw. If the registrar determines in accordance with the applicable regulation, policy or procedure as may be approved by Council from time to time that the plan is complete and contains sufficient detail of how the member intends to complete the required continuing professional development, the member shall be notified in writing that the plan of action has been accepted. The registrar shall give prompt notice in writing or by other electronic means of the acceptance of the plan of action and the date of acceptance of the plan; and the member shall have 120 days from the date of acceptance of the plan to comply with the requirements of this bylaw and provide written notice or notice by other prescribed means that the member has completed the continuing professional development and complied with this bylaw.

If the registrar determines in accordance with the applicable regulation, policy or procedure as may be approved by Council from time to time that the plan of action is incomplete or lacks sufficient detail to show how the member intends to complete the required continuing professional development, the registrar shall notify the member in writing or by other electronic means of the deficiencies in the plan of action and that a corrected plan of action must be filed within 14 days from such notice, along with any other prescribed documents.

Except in extraordinary medical or compassionate circumstances, only one plan of action may be filed during any three-year reporting period.

(11) Requests for exemptions, reductions or other special consideration

A request for an exemption, reduction or special consideration of the continuing professional development requirements of this bylaw shall complete the prescribed form and if applicable, provide any additional information or documents as

may be necessary in accordance with the applicable regulation, policy or procedure approved by Council from time to time.

Upon receipt of the request, the registrar shall review the request and shall make a determination based on the applicable regulation, policy, procedure or guideline adopted by Council from time to time, and in doing so the registrar may:
(a) exempt the member from all or a portion of the continuing professional development requirement;
(b) require the member to provide in a timely manner, any additional information or documents in order to consider the request;
(c) require that the member file a complete and accurate plan of action and if applicable, prescribe a date by which the member must file a declaration attesting that the member has completed the required continuing professional development and has complied with the requirements of this bylaw;
(d) consider and, if found acceptable, approve a complete and accurate plan of action or other proposal by a member to remedy any contravention of this bylaw or to complete continuing professional development in accordance with clause (3);
(e) take steps or actions necessary to ensure the member complies with this bylaw and that the integrity of the continuing professional development program is maintained.

The registrar shall give prompt notice in writing or by other electronic means to the member of a decision regarding the request for exemption, reduction or other special consideration. The member may apply in writing to have the matter reviewed by the membership committee. The committee shall make a final determination in respect of the matter and there shall be no further review.

(12) Suspension of membership
A member who fails to:
(a) file a completed compliance declaration form within the period indicated in the notice sent by the Institute; or
(b) file a completed plan of action within 14 days of filing the member's compliance declaration in accordance with clause (9) of this bylaw; or
(c) file a completed request for an exemption, reduction or special consideration, and any supporting documents in relation to such request, within 14 days of filing the member's compliance declaration in accordance with clause (9) of this bylaw; or
(d) file a corrected plan of action within 14 days of being requested to do so by the registrar in accordance with clause (10) of this bylaw; or
(e) file, within 14 days of the date prescribed or determined by the registrar, any further information or documents or a plan of action or other proposal in respect of a request for a reduction, waiver or other exemption from the requirements of this bylaw, or compliance declaration, in accordance with clause (11) of this bylaw; or
(f) provide, within 14 days of the date prescribed or determined by the registrar, information or documentation satisfactory to the registrar in respect of the member having taken any steps or actions necessary to ensure the member

complies with this bylaw and that the integrity of the continuing professional development program is maintained, in accordance with the provisions of clause (11) of this bylaw; or
(g) notify the Institute in writing within the 120 day period prescribed in clause (10) of this bylaw that he or she has complied with the continuing professional development requirements of this bylaw; or
(h) provide any record, form, document, declaration or other item as may be required for audit purposes;

shall have his or her rights and privileges of membership under the *Act* and the bylaws of the Institute suspended by the registrar and such suspension shall be reported for the record to the membership committee and, if the member is licensed as a public accountant, to the public accounting licensing committee.

(13) Reinstatement to membership
If a person whose rights and privileges of membership under the *Act* and bylaws were suspended pursuant to clause (12) or the applicable regulation adopted by Council under this bylaw, provides to the Institute not later than three (3) months from the date of such suspension, a reinstatement fee if applicable, and:
(a) a declaration in the prescribed form attesting that the requirements of this bylaw have been met, or
(b) any record, form, document, declaration or notice that rectifies any default under clause (12), or
(c) if applicable, any record, form, document, declaration, fee or other item requested pursuant to clause (19),
the member's rights and privileges of membership shall be reinstated by the registrar as of the date the prescribed form and applicable fee or other documentation is received, and the reinstatement shall be reported to the membership committee for the record and, if the member was licensed as a public accountant as of the date of the suspension, to the public accounting licensing committee.

Upon request by the member, the membership committee may consider a request to rescind the member's suspension and remove from Institute records any such suspension, if it determines that there were medical, compassionate, extraordinary or other mitigating circumstances, which, in the opinion of the committee, warrant such action.

(14) Termination of membership
The membership of any member whose rights and privileges of membership have not been reinstated within three (3) months of the date of suspension, shall be terminated. The person's name shall be removed from the register, and the termination shall be reported to the membership committee for the record and if the person was licensed as a public accountant as of the date of the termination, to the public accounting licensing committee.

(15) Exceptions to termination
Notwithstanding clauses (13) and (14), where
(a) a member's practising unit is the subject of a practice inspection; or
(b) a member is the subject of an investigation or a charge made by the professional conduct committee; or
(c) a member has not fully complied with an order of the discipline committee or the appeal committee;

his or her membership shall not be terminated under this bylaw until the practice inspection or professional conduct committee investigation has been completed, or the final disposition of the charge has been made, or the member has fully complied with the discipline or appeal committee order, as the case may be.

(16) Application for readmission to membership
A person whose membership has been terminated pursuant to clause (14) of this bylaw may apply to the membership committee for readmission to membership in the Institute in accordance with the provisions of Bylaw 352.

Upon request by the member or in conjunction with a request for readmission pursuant to Bylaw 352, the membership committee may consider a request to remove from Institute records any termination of membership arising from medical, compassionate, extraordinary or other mitigating circumstances, which, in the opinion of the committee, warrant such action.

(17) Other membership(s)
Where a member holds membership in another provincial institute the member is required to report continuing professional development compliance in the jurisdiction where the member holds prime membership.

A member not residing in Canada or Bermuda who holds membership in an accounting body recognized by the Council pursuant to Bylaw 303 and which has continuing professional development requirements substantially similar to those of the Institute, shall indicate on the compliance declaration that the member has met the requirements of that recognized accounting body.

Where a member is not residing in Canada and does not belong to an accounting body recognized by the Council pursuant to Bylaw 303, the member shall comply with the requirements of this bylaw.

(18) Retired members
A member who is retired from full-time practice, full-time employment or full-time business activity shall be exempt from the requirement to complete continuing professional development under this bylaw unless the member:
(a) is licensed to practise public accounting; or
(b) is involved in any activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant as described in (i) or (ii) below.

(i) For the purposes of determining whether it is reasonable to believe that another party is relying on the member's skills as a chartered accountant, such activity includes but is not limited to:

(aa) any service(s) for which the member is remunerated;
(bb) service by the member on the board or governing body of a reporting issuer as defined in Rule 204 of the Rules of Professional Conduct;
(cc) service on the board or governing body of a public interest entity as defined below.

For the purposes of this bylaw, a "public interest entity" means there is a high degree of outside interest in the entity from large numbers and diverse classes of stakeholders and

(dd) it has a social responsibility because of the nature of its operations; or

(ee) the substantial majority of its stakeholders depend on external financial reporting, as they have no other way of obtaining financial information about the entity;

and without limiting the generality of the foregoing, includes such entities as large not-for-profit organizations, charities or foundations, hospitals, health authorities, publicly funded educational institutions, social service agencies and co-operative business enterprises; and deposit-taking institutions.

A retired member who serves on the board, governing body or audit committee of a public interest entity whose annual gross revenue is greater than $100,000 shall complete 50 per cent of the minimum continuing professional development hours annually and in each three-year reporting period that are prescribed in clause (3) of this bylaw, provided that at least 5 hours of the annual requirement and 30 hours of the triennial requirement shall consist of verifiable continuing professional development.

(ii) A retired member to whom (i) above does not apply shall complete continuing professional development as prescribed below if the member provides on a part-time basis compilation, accounting or taxation services as defined in Bylaw 103(25):

(aa) when gross annual income from part-time practice exceeds $25,000: 10 hours annually, and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development; or

(bb) when gross annual income from part-time practice does not exceed $25,000: 5 hours annually, and 30 hours in every three-year period, provided that at least 15 hours of the 30-hour triennial requirement shall consist of verifiable continuing professional development.

(19) Practice inspection

During the course of a practice inspection as authorized by Bylaw 267, a member shall upon request, produce any record, document, declaration or other item relating to the member's compliance with the continuing professional development requirements of this bylaw. Where a member fails to provide the requested information or document, or where it cannot be produced on request, the matter shall be referred to the membership committee for consideration and the matter dealt with in accordance with the applicable regulation, policy, procedure or guideline implementing an audit process to ensure member compliance with this bylaw.

(20) Regulations, policies, procedures and guidelines

To ensure member compliance with the requirements of this bylaw, the Council may from time to time approve regulations, policies, procedures, and guidelines to govern and implement an audit process including but not limited to enforcement measures, fines and sanctions for noncompliance.

Council may from time to time approve regulations, policies, procedures, guidelines or other measures to establish the eligibility of members to be exempt from the provisions of this bylaw, or to reduction or other consideration under this bylaw.

[The next bylaw is Bylaw 901]

SECOND BYLAW OF 2009

Explanatory Note:

The Second Bylaw of 2009 amends various bylaws related to public accounting licensing to update or clarify their provisions in respect of:

- *the definition of "compilation services", to be consistent with the language used in the Public Accounting Act, 2004;*
- *the authority granted to the applications committee to determine*
  - *whether applicants for admission to membership in the Institute who are CPAs in the United States of America or members of other recognized accounting bodies outside Canada have fulfilled the competency requirements prescribed by the Council for eligibility to obtain a public accounting licence;*
  - *whether a member who is licensed or authorized to practise public accounting in a jurisdiction outside of Ontario has fulfilled the requirements prescribed in the bylaws for eligibility to obtain a public accounting licence in Ontario;*
- *the definition of "practising office" for licensing eligibility purposes to include the national or head office of a public accounting firm that is registered with the Canadian Public Accountability Board as a participating audit firm;*
- *the definition of participating in a recognized capacity in public accounting services as it relates to members who practise in a public accounting practice office located outside Canada;*
- *the authority of the public accounting licensing committee to exercise discretion to grant a public accounting licence to a member;*
- *the suspension or revocation of the certificate of authorization issued to a professional corporation.*

IT IS HEREBY ENACTED as the Second Bylaw of 2009 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Bylaw 103(25) is amended as follows:

103 Definitions
In these bylaws:

(25) "practice of public accounting" means carrying on public practice in one or more of the following functions:
(i) the practice of public accounting as defined in the *Public Accounting Act, 2004*;
(ii) accounting insofar as it involves analysis, advice and interpretation in an expert capacity, but excluding record keeping;
(iii) taxation, insofar as it involves advice and counselling in an expert capacity, but excluding mechanical processing of returns; and
(iv) compilation services, if it can reasonably be expected that all or any portion of the compilations or associated materials prepared by the member **providing the service will be relied upon or used by a third party**, whether or not a licence is required under the *Public Accounting Act, 2004*.

2. Bylaw 263 (Applications Committee) is amended in clause (4) as follows:

(4) The applications committee may act on behalf of the Council in:
(d) considering and deciding upon any application to become a membership candidate received from
(i) a certified public accountant from the United States of America who is a certificate holder in good standing with a state board of accountancy or equivalent body in the United States of America which recognizes membership in the Institute as a basis for obtaining the certificate granted by that board without requiring the member to write and pass the uniform Certified Public Accountant examination administered by the American Institute of Certified Public Accountants; or
(ii) a member or former member of any other recognized accounting body outside Canada which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring that its normal final examination(s) be written and passed, if such member or former member and such accounting body meet the requirements of Bylaw 302(1)(e),

~~and provided~~ **including a determination whether** the applicant has complied with the applicable requirements of Regulation II **and has fulfilled the depth of competency development requirements for assurance as specified in Regulation II and a minimum of two years of acceptable public accounting experience, including the minimum chargeable hours in assurance services and other services as may be prescribed by the Council from time to time**;

(f) ~~considering~~ **determining**, unless the application is made pursuant to Bylaw 353, **any application for a public accounting licence from a member**
(i) ~~any application for a public accounting licence from a member~~ where the good character of the member must be determined by means of a hearing;
(ii) ~~any application for a public accounting licence from a member~~ in respect of whom the public accounting licensing committee has directed that a hearing must be held to determine whether the member has

fulfilled the qualifications to be licensed as set out in the *Public Accounting Act, 2004* or the regulations or Standards adopted pursuant to that Act, or in the bylaws or regulations of the Institute;

(iii) ~~any application for a public accounting licence from a member~~ who is licensed **or authorized** to practise public accounting in a jurisdiction outside Ontario **in respect of whom the public accounting licensing committee has directed that a hearing must be held to determine whether the member has fulfilled the Basic and/or Additional Requirements for public accounting licensing eligibility pursuant to Bylaw 902.**

(iv) any other matter related to public accounting licensing referred to it by the Council or the public accounting licensing committee; and

3. Bylaw 303 (Recognition of accounting bodies outside Canada) is amended by adding a new clause (5) as follows:

(5) Any person accepted as a membership candidate and subsequently admitted to membership in the Institute pursuant to Bylaw 302(1)(d) or (e) and who did not satisfy the applications committee that he or she had fulfilled:

(a) the depth of competency development requirements for assurance as specified in Regulation II; or

(b) a minimum of two years of acceptable public accounting experience, including the minimum chargeable hours in assurance services and other services as may be prescribed by the Council from time to time;

shall fulfil the requirements of Bylaw 902(4), prior to making an application for a licence.

4. Bylaw 901 (Requirements to be licensed to sign public accounting documents and for disclosure of status as a licensed public accountant) is amended in clauses (1), (4) and (5) as follows:

(1) A member who is licensed as a public accountant shall use the term "Licensed Public Accountant" or the initials "LPA", following the licensee's name and the designation "Chartered Accountant" or the initials "CA", on any statement or report that is in respect of ~~any~~ **an** assurance **engagement** or **a** compilation engagement **for which it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the member providing the service will be relied upon or used by a third party,** when:

(a) the report for the engagement is issued in Ontario; or

(b) the work for the engagement is primarily performed in Ontario.

(4) A professional corporation that holds a certificate of authorization to practise public accounting shall use the term "Authorized to practise public accounting by the Institute of Chartered Accountants of Ontario" on any statement or report that is in respect of ~~any~~ **an** assurance **engagement** or **a** compilation engagement **for which it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the member providing the service will be relied upon or used by a third party,** when:

(a) the report for the engagement is issued in Ontario; or

(b) the work for the engagement is primarily performed in Ontario.

(5) A firm shall use the term "Licensed Public Accountants" or the initials "LPA", following the designation "Chartered Accountants", on any statement or report that is in respect of ~~any~~ **an** assurance **engagement** or **a** compilation engagement **for which it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the member providing the service will be relied upon or used by a third party,** when:

(a) the report for the engagement is issued in Ontario; or

(b) the work for the engagement is primarily performed in Ontario.

5. In Bylaw 902 (Qualification for public accounting licensing) subclause (e) of clause (1) is re-numbered to become subclause (f) and a new subclause (e) is added, as follows:

(e) for the purposes of Bylaw 902(5) and Bylaw 906(1), "practising office" includes the national or head office of a public accounting firm that has been accepted by the Canadian Public Accountability Board as a participating audit firm in its oversight program, whether or not the office has been the subject of a practice inspection;

6. In Bylaw 902 (Qualification for public accounting licensing), clause(1), subclause (f) (formerly (e)) is amended as follows:

(f) for the purposes of this bylaw, "public accounting services" are

(i) assurance, including auditing or review engagements;

(ii) compilations **in respect of which it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the member providing the service will be relied upon or used by a third party, whether or not the compilations or associated materials are** accompanied by the prescribed Notice to Reader~~;~~.

~~(iii) compilations not accompanied by the prescribed Notice to Reader.~~

7. Bylaw 902 (Qualification for public accounting licensing), clause (4) is amended as follows:

(4) Basic Requirements for public accounting licensing not met

A member who previously has not fulfilled the Basic Requirements for a public accounting licence prescribed by clause (2) and seeks to be licensed as a public accountant shall prior to making an application for a licence

(a) successfully complete a minimum of two years of prescribed public accounting experience in a practising office approved for the training of students pursuant to Bylaw 407(1)**(a)**, which experience shall be completed under the direct supervision of a member of the Institute who is licensed to practise public accounting and shall include at least

(i) 1,250 chargeable hours in assurance services, of which 625 chargeable hours shall be in audit engagements; and

(ii) 100 chargeable hours in taxation services; and

(b) fulfil the Additional Requirements to become licensed as a public accountant as prescribed in clause (5); and
(c) provides evidence satisfactory to the public accounting licensing committee that he or she is of good character.

8. Bylaw 902 (Qualification for public accounting licence) is amended in clause (5) and clause (6) as follows:

(5) Additional Requirements to be met for licensing eligibility

A member applying to be licensed as a public accountant shall satisfy the public accounting licensing committee that he or she has practised public accounting in a substantive way within the immediate past five years of the date of receipt of the application by the Institute as a result of having fulfilled the following Additional Requirements:

(a) the member

(i) has participated in a recognized capacity in public accounting services in a practising office that has been the subject of a practice inspection resulting in a determination that the practice's quality control system, current engagement files, and related financial statements adhere to professional standards contained within the *CICA Handbook* and other professional standards established by the Institute;

(ii) has participated in a recognized capacity in public accounting services in a public accounting practice office located outside of Canada that has been the subject of a practice inspection satisfactory to the Institute by the applicable regulatory body or authority resulting in a determination that the practice's quality control system, current engagement files, and related financial statements adhere to internationally recognized standards which the Institute recognizes as substantially equivalent to the professional standards contained in the *CICA Handbook* and other standards established by the Institute; or

(iii) is an employee, partner or sole proprietor of a newly established or soon-to-be established practising office **or of an established practising office** that ~~accordingly~~ has not been the subject of a practice inspection;

in which case the member shall be eligible to be granted a licence if he or she has satisfied the public accounting licensing committee that he or she has successfully completed all of the requirements of this bylaw and shall hold such licence, if granted, on the condition that the firm or practising office is the subject of a practice inspection not later than 12 months following the date of issuance of the licence and the inspection results in a determination that the practice's quality control system, current engagement files, and related financial statements adhere to professional standards contained within the *CICA Handbook* and other professional standards established by the Institute; or

~~(iii)~~ **(iv)** is a practice inspector appointed by the Institute or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices;

(6) Exercise of discretion by public accounting licensing committee

(a) Despite the other provisions of this bylaw, the public accounting licensing committee may, **in accordance with guidelines adopted by the Council from time to time,** grant a licence to a member who previously qualified but never applied for a licence or allowed his or her licence to lapse if it is satisfied that the member has

(i) met the Basic Requirements prescribed in clause (2);

(ii) met all of the Additional Requirements prescribed in clause (5) with the exception of the additional public accounting experience requirements set out in clause (5)(b); and

(iii) has the required capabilities, competence and current skills to provide public accounting services.

9. Bylaw 905 (Licence fees) is amended as follows:

905 Licence fees

Notwithstanding any other provision set out in the bylaws:

(1) the fees for the issuance of a public accounting licence, and the fees for the renewal of a public accounting licence, shall be set at such amounts as the Council may by resolution determine~~, and shall be payable in advance of the issuance or renewal of the licence~~;

(2) licence fees and licence renewal fees are payable annually by the date determined by the Council, and a licence shall not be issued or renewed in the absence of ~~prior~~ payment of the licence or renewal fee payable.

10. In Bylaw 906 (Renewal of licence) is amended in subclause (1)(b) and clause (3), as follows:

(1) Definitions

(b) for the purposes of this bylaw, "public accounting services" are

(i) assurance, including auditing or review engagements;

(ii) compilations **in respect of which it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the member providing the service will be relied upon or used by a third party, whether or not the compilation or associated materials are** accompanied by the prescribed Notice to Reader~~;~~.

~~(iii) compilations not accompanied by the prescribed Notice to Reader.~~

(3) Exercise of discretion by public accounting licensing committee

(a) Despite the other provisions of this bylaw, the public accounting licensing committee may**, in accordance with guidelines adopted by the Council from time to time,** renew the licence of a member who has met all of the Additional Requirements prescribed in Bylaw 902(5) with the exception of the additional public accounting experience requirements set out in Bylaw 902(5)(b) if it is satisfied that the member otherwise has the required capabilities, competence and current skills to provide public accounting services.

11. Bylaw 914 (Effect of authorization of suspension or termination of shareholder's membership) is amended as follows:

914 Suspension or revocation of ~~Effect on~~ certificate of authorization: ~~of suspension or termination of shareholder's membership~~ sole shareholder professional corporation

(1) The certificate of authorization to practise public accounting issued pursuant to Bylaw 901(3) to a professional corporation in which there is a sole shareholder shall be suspended automatically as of the

date the shareholder's

(a) membership in the Institute is suspended for any reason under the bylaws; **or**

(b) licence expires or is suspended for any reason under the bylaws.

(2) A certificate of authorization of a professional corporation that is suspended pursuant to clause (1) is automatically reinstated upon

(a) the reinstatement of the shareholder's membership in the Institute; and

(b) the reinstatement pursuant to Bylaw 907(2) of the member's licence to practise public accounting or, as applicable, the member being issued a new public accounting licence pursuant to Bylaw 902;

provided the certificate of authorization has not by then been suspended or revoked pursuant to Bylaw 530.

(3) A professional corporation in respect of which the certificate of authorization is suspended **shall return the certificate of authorization to the Institute within 30 days of the date of notification of the suspension by the Institute and** is not entitled to apply for the renewal of the certificate of authorization.

(4) A professional corporation in respect of which the certificate of authorization expires during the period in which the certificate of authorization is suspended may apply pursuant to Bylaw 902 for a new certificate of authorization upon the reinstatement of the shareholder's rights and privileges of membership.

(5) The certificate of authorization to practise public accounting issued pursuant to Bylaw 901(3) to a professional corporation in which there is a sole shareholder shall be revoked automatically as of the date the shareholder's membership in the Institute is terminated for any reason under the bylaws **or as of the date the member's resignation from membership in the Institute takes effect pursuant to Bylaw 306(3)**.

THIRD BYLAW OF 2009

Explanatory Note:

The Third Bylaw of 2009 amends the provisions of Bylaw 510 (Professional Conduct Committee) dealing with the powers of the Professional Conduct Committee, amends Bylaw 511 (Reviewer of Complaints) to expand the authority of the independent reviewer of complaints regarding the referral back to the Professional Conduct Committee for reconsideration of a decision to not make a charge against a member, student or firm and updates the provisions of Bylaw 353 (Readmission and restoration after expulsion or revocation by disciplinary order) consequent upon the adoption new Bylaw 801as set out in the First Bylaw of 2009.

IT IS HEREBY ENACTED as the Third Bylaw of 2009 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. In Bylaw 510 (Professional Conduct Committee) clause (5) is amended in subclause (f) and by adding a new subclause (i) and a new clause (5.1) is introduced, as follows:

(5) Committee powers

The professional conduct committee shall be responsible for the initiation of the disciplinary work of the Institute and in the execution of its duties shall have power:

(f) to provide guidance and advice to**, or admonish,** members, students, firms or professional corporations whether charged or not under these bylaws;

(i) to invite a complainant or complainants to appear before the committee or a subcommittee to make a statement or statements to the committee or the subcommittee and to set reasonable limitations as to the length of time that shall be provided to the complainant or complainants making the statement or statements.

(5.1) Complainant to be informed in writing of the decision

The professional conduct committee shall, in respect of each complaint of professional misconduct by a member, student, firm or professional corporation, inform the complainant or complainants in writing of its decision reached in respect of the complaint and provide the complainant or complainants with a written explanation for its decision.

2. In Bylaw 511 (Reviewer of Complaints, clauses (5) and (7) are amended, clauses (8), (9), (10), (11) and (12) are re-numbered to become (9), (10), (11), (12) and (13) respectively and a new clause (8) is added, as follows:

511 Reviewer of Complaints

(5) The reviewer of complaints shall refer a complaint back to the professional conduct committee for reconsideration**, either by the division that made the decision or by another division,** if he or she determines that one or more of the following circumstances exists:

(a) the professional conduct committee failed to follow appropriate procedures in arriving at its decision;

(b) there is reason to suspect a lack of independence on the part of any member of the professional conduct committee who participated in the decision;

(c) the professional conduct committee did not give due consideration to all of the evidence available in arriving at its decision;

(7) A complaint referred **by the reviewer of complaints** back to the **division of the** professional conduct committee ~~by the reviewer of complaints~~ **that made the decision not to make a charge against the member, student, firm or professional corporation** shall be reconsidered by the ~~professional conduct committee~~ **division**, having regard to

(a) the information and any representations previously available to it;

(b) any information or representations received from or through the reviewer of complaints; and

(c) any further information or representations received from the complainant, or from the member, student or firm.

(8) A complaint referred by the reviewer of complaints back to the professional conduct committee for reconsideration by another division pursuant to clause (5) shall be referred to the other division comprised of members of the professional conduct committee who were not included in the division that made the decision to not make a charge of professional misconduct; and the reconsideration shall be undertaken as if the complaint had not been previously considered by a division, including

(a) making any investigation and enquiry as the division deems appropriate in the circumstances; and

(b) having regard to any information or representations received from or through the reviewer of complaints and any further information or representations received from the complainant, or from the member, student, or firm.

3. Bylaw 353 (Readmission and restoration after expulsion or revocation by disciplinary order) is amended in subclause (1)(d), as follows:

353 Readmission and restoration after expulsion or revocation by disciplinary order

(1) Application for readmission or restoration

Any person expelled from membership in the Institute, member whose licence was revoked and/or professional corporation in respect of which the certificate of authorization was revoked under the terms of an order of the discipline or appeal committee may apply to the discipline committee to be readmitted to membership in the Institute and/or granted a licence or certificate of authorization, as the case may be, upon:

(d) as applicable, filing a declaration in the prescribed form attesting that, within the three-year period immediately prior to the Institute's receipt of the application for readmission, the member has fulfilled the total three-year hour requirement of continuing professional development, including the minimum number of verifiable hours for that three-year period, prescribed pursuant to Bylaw 801(3)(b) ~~or 801(18)(a)(ii) or 18(b)(ii), as applicable~~ ; and

FOURTH BYLAW OF 2009

***Explanatory Note*:**

The Fourth Bylaw of 2009 amends various bylaws relating to:

- *the registrar's retention of the certificate of results of the Council election and to providing a copy of the certificate of results to any member of the Institute (Bylaw 203);*
- *the presentation of the audited financial statements to the Institute's annual general meeting (Bylaw 243);*
- *the appointment of the registrar by the Council, the appointment of an acting registrar in the event of the absence, illness or incapacity of the registrar and the authority and responsibilities of the registrar (Bylaw 103 and Bylaw 223).*

IT IS HEREBY ENACTED as the Fourth Bylaw of 2009 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF**

ONTARIO (hereinafter called "the Institute") as follows:

1. In Bylaw 203 (Election of Council), clause (10) is amended, clauses (11), (12) and (13) are re-numbered to become clauses (12), (13) and (14) and a new clause (11) is added, and the reference in re-numbered clause (14) to clause (12) is changed to reference re-numbered clause (13), as follows:

203 Election of Council

(10) The certificate of the results of the election prepared pursuant to clause (9)(a) of this bylaw shall be retained by the registrar ~~for the information of any member,~~ and all other voting papers, documents and records shall be destroyed after 30 days from the date of the election results.

(11) The registrar shall upon receipt of a written request from a member send or otherwise make available to the member a copy of the certificate of results of the most recently concluded Council election and prepared pursuant to clause 9(a).

2. Bylaw 243 (Annual general meeting) is amended in clause (3) as follows:

(3) The Council shall ~~place before~~ **present to** the annual general meeting of the Institute ~~for adoption~~, **the** financial statements for the last completed financial year prepared in accordance with generally accepted accounting principles **and the report of the auditor thereon**.

3. In Bylaw 103 (Definitions), clauses (35) to (41) inclusive are re-numbered to become clauses (36) to (42) inclusive and a new clause (35) is added, as follows:

103 Definitions

In these bylaws:

(35) "registrar" means the registrar appointed by the Council pursuant to Bylaw 221(2) or his or her delegate;

4. In Bylaw 223 (Registrar's responsibilities), the current bylaw in its entirety becomes clause (1) and new clauses (2) and (3) are added, as follows:

(2) The Council may by resolution appoint such other member of the Institute's staff to act as the registrar in the event of the absence, illness or incapacity of the registrar.

(3) The registrar may upon receipt of satisfactory evidence, correct any error in the records of the Institute concerning members, students, firms or professional corporations registered with the

Institute. Notwithstanding Regulation I, the registrar may, in accordance with guidelines or policies as may be adopted by the Council, exercise his or her discretion and decide a request made by a student or an applicant to register as a student, for:

(i) recognition of practical experience obtained prior to registration with the Institute;
(ii) maintaining registration and obtaining recognition of practical experience obtained while employed outside Ontario;
(iii) re-registering as a student after four unsuccessful uniform evaluation attempts;
(iv) extending for a fixed period of time not to exceed two years, the maximum registration date beyond the time permitted pursuant to Regulation I;
(v) permission for a student to proceed to write any Institute examination or to complete any educational requirement in compassionate or extraordinary circumstances, without meeting the requirements as set out in Regulation I;
(vi) registration as a student of an applicant who does not have employment in an approved training office;
(vii) disregarding an unsuccessful uniform evaluation attempt;
(viii) other administrative relief as may be required to give force and effect to the bylaws and regulations of the institute and as may be authorized by the Council from time to time.

A student, applicant or member may apply in writing within thirty days of the date of the decision to have a decision made under this clause reviewed by the applications committee and the applications committee shall make a final determination in respect of the matter and there shall be no further review.

FIFTH BYLAW OF 2009

Explanatory Note:

The Fifth Bylaw of 2009 amends

- *Rule of Professional Conduct 204.8 (Disclosure of Impaired Independence) by replacing the word "influence" with the word "activity" to remove an inconsistency in the wording of the rule;*
- *Rule of Professional Conduct 217.1 (Advertising and promotion) and Rule of Professional Conduct 217.3 (Endorsements) to remove the references to the vague and subjective requirement that advertising not contravene "professional good taste", while retaining the requirement that advertising must not be false or misleading or make unfavourable reflections on the competence or integrity of the profession or any member or firm;*
- *the Foreword to the Rules of Professional Conduct, as recommended by the CA profession's Rules Harmonization Committee, to align the fundamental principles of ethics underlying the rules of professional conduct more closely with their description in the Code of Ethics of the International Federation of Accountants ("IFAC"). This helps to facilitate*

convergence of the Canadian rules of professional conduct with the IFAC Code in accordance with the CA profession's membership obligation to IFAC. Further, the amendments to the Foreword clarify that "objectivity" is one of the fundamental principles of ethics that underlie the rules of professional conduct. Before 2003 and the adoption of the current Rule 204 (Independence), the term "objectivity" was used by the Canadian CA profession to refer to what is known internationally as "independence". The amended Foreword also notes that the public expects that those practising in the profession will bring objectivity to their professional services.

Related amendments to Council Interpretation 204.8 (attached as Appendix A) and Council Interpretations 217.1 and 217.3 (attached as Appendix B) and recommended by the Rules Harmonization Committee also have been adopted by the Council.

IT IS HEREBY ENACTED as the Fifth Bylaw of 2009 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Rule 204.8 (Disclosure of Impaired Independence is amended as follows:

204.8 A member or firm engaged in the practice of public accounting or any related function, who provides a service not subject to the requirements of Rules 204.1 to 204.7, shall disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair the member's or firm's independence such that the professional judgment or objectivity of the member, firm or member of the firm would appear to be impaired, and such disclosure shall be made in the member's or firm's written report or other written communication accompanying financial statements or financial or other information and the disclosure shall indicate the nature of the ~~influence~~ **activity** or relationship and the nature and extent of the interest.

2. Rule 217.1 (Advertising and promotion) and Rule 217.3 (Endorsements) are amended as follows:

217.1 Advertising and promotion

A member or firm may advertise or seek publicity for the member's or firm's services, achievements or products and may seek to obtain new engagements and clients by various means, but shall not do so, directly or indirectly, in any manner

(a) which the member or firm knows, or should know, is false or misleading **or which includes a statement the contents of which the member or firm cannot substantiate**;

(b) which makes unfavourable reflections on the competence or integrity of the profession or any member or firm; or

~~(b)~~ **(c)** which **otherwise** ~~contravenes professional good or~~ brings disrepute on the profession;.

~~(c) which makes unfavourable reflections on the competence or integrity of the profession or any member or firm; or~~

~~(d) which includes a statement the contents of which the member or firm cannot substantiate.~~

217.3 Endorsements

A member or firm may advertise or endorse any product or service of another person or entity that the member or firm uses or otherwise has an association with, provided the member or firm has sufficient knowledge or expertise to make an informed and considered assessment of the product or service. However, in doing so,

(a) the member or firm must act with integrity and due care;

(b) the member or firm must be satisfied that the endorsement

(i) is not false or misleading **or does not include a statement the contents of which the member or firm cannot substantiate**,

(ii) does not make unfavourable reflections on the competence or integrity of the profession or any member or firm, and

~~(ii)~~ **(iii)** does not **otherwise** ~~contravene professional good taste or~~ bring disrepute on the profession.~~,~~**; and**

~~(iv) does not include a statement the contents of which the member or firm cannot substantiate; and~~

(c) when associating the CA designation with an endorsement, the member or firm must conduct sufficient appropriate procedures to support the assertions made about the product or service.

3. The Foreword to the Rules of Professional Conduct is amended as follows:

FOREWORD

The Foreword to the rules of professional conduct (~~hereinafter~~ **or**, rules) sets out the philosophy that underlies the rules governing the chartered accountant's responsibilities to those to whom professional services are provided, to the public and to colleagues, in respect of

- characteristics of a profession;
- **fundamental** principles governing ~~the~~ conduct ~~of members and students~~;
- **ethical conflict resolution;**
- **fiduciary duty;**
- ~~principles governing the responsibilities of firms; and~~
- personal character and ethical conduct;
- **application of the rules;**
- **principles governing the responsibilities of firms; and**
- **interpretation of the rules.**

~~Guidance is also provided as to the application and interpretation of the rules.~~

~~900 The rules apply to all members irrespective of the type of professional services being provided. Some rules have particular relevance to members engaged in the practice of public accounting, however.~~

~~Although this Foreword addresses the circumstances of members engaged in the practice of public accounting, many of the rules apply equally to members engaged in other types of professional practice, such as those provided to industry or government or which are more entrepreneurial in nature.~~

The rules of professional conduct, comprehensive in their scope, practical in application and addressed to high moral standards, serve not only as a guide to the profession itself but as a source of assurance of the profession's concern for the public it serves. It is a mark of a profession that there is a voluntary assumption, by those who comprise it – the members -- of ethical principles which are aimed, first and foremost, at protection of the public and, second, at achieving orderly and courteous conduct within the profession. It is to these purposes that the Institute's rules are directed.

Characteristics of a profession

The rules of professional conduct presume the existence of a profession. Since the word "profession" has lost some of its earlier precision, through widespread application, it is worthwhile reviewing the characteristics which mark a calling as professional in the traditional sense. Much has been written on the subject and court cases have revolved around it. The weight of the authorities, however, identifies the following distinguishing elements:

- there is mastery by the practitioners of a particular intellectual skill, acquired by lengthy training and education;
- the **traditional** foundation of the calling rests in public practice – the application of the acquired skill to the affairs of others for a fee;
- the calling centres on the provision of personal services rather than entrepreneurial dealing in goods;
- there is an outlook, in the practice of the calling, which is essentially objective;
- there is acceptance by the practitioners of a responsibility to subordinate personal interests to those of the public good;
- there exists a developed and independent society or institute, comprising the members of the calling, which sets and maintains standards of qualification, attests to the competence of the individual practitioner and safeguards and develops the skills and standards of the calling;
- there is a specialized code of ethical conduct, laid down and enforced by that society or institute, designed principally for the protection of the public;
- there is a belief, on the part of those engaged in the calling, in the virtue of interchange of views, and in a duty to contribute to the development of their calling, adding to its knowledge and sharing advances in knowledge and technique with their fellow members.

By these criteria chartered accountancy is a profession.

It is essential to recognize that a profession does not cease to be a profession because a proportion of its members enter salaried private employment. These members continue to belong to the profession and to be subject to the rules of professional conduct. **It should be recognized that some members of the profession might acquire the required skills outside of public practice.**

Fundamental principles ~~**Principles**~~ **governing conduct**

The rules of professional conduct, as a whole, flow from the special obligations embraced by the chartered accountant. The reliance of the public, generally, and the business community, in particular, on sound and fair financial reporting and competent advice on business affairs - and the economic importance of that reporting and advice - impose these special obligations on the profession. They also establish, firmly, ~~its~~ **the profession's** social usefulness.

To protect the public and to maintain the reputation of the profession, the rules apply, as appropriate, to members of the profession, students and firms of chartered accountants. The application of the rules of professional conduct to firms is discussed later in this Foreword.

The following text in the left column is **deleted** and **replaced** with the text in the right column	
The rules of professional conduct centre about a number of principles – fundamental statements of accepted conduct whose soundness is, for the most part, self-evident. The principles governing the conduct of members and students are: • *A member or student shall conduct himself or herself at all times in a manner which will*	**The rules of professional conduct are derived from five fundamental principles of ethics - statements of accepted conduct whose soundness is, for the most part, self-evident and are as follows:** **Professional Behaviour** ***Members conduct themselves at all times in a manner which will maintain the good reputation of the profession and its ability to serve the public interest.***

maintain the good reputation of the profession and its ability to serve the public interest. • *The development of a member's practice shall be founded upon a reputation for professional excellence. The use of methods of advertising which do not uphold professional good taste is not in keeping with this principle.* • *A member shall act in relation to any other member with the courtesy and consideration due between professional colleagues and which, in turn, he or she would wish to be accorded by the other member.*	In doing so, members are expected to avoid any action that would discredit the profession. While there are business considerations involved in the creation and development of a professional practice, a member's practice should be based primarily upon a reputation for professional excellence. A member is expected to act in relation to other members with the courtesy and consideration he or she would expect to be accorded by them.

The following text in the left column is **deleted** and **replaced** with the text in the right column	
• *A member or student shall perform professional services with integrity and care and accept an obligation to sustain his or her professional competence by keeping informed of, and complying with, developments in professional standards.*	Integrity and Due Care ***Members perform professional services with integrity and due care.*** Members are expected to be straightforward, honest and fair dealing in all professional relationships. They are also expected to act diligently and in accordance with applicable

	technical and professional standards when providing professional services. Diligence includes the responsibility to act, in respect of an engagement, carefully, thoroughly, and on a timely basis. Members are required to ensure that those performing professional services under their authority have adequate training and supervision. Professional Competence *Members maintain their professional skills and competence by keeping informed of, and complying with, developments in their professional standards.* The public expects the accounting profession to maintain a high level of competence. This underscores the need for maintaining individual professional skill and competence by keeping abreast of and complying with developments in the professional standards and pertinent legislation in all functions where a member practises, or is relied upon because of his or her calling.

The following text in the left column is **deleted** and **replaced** with the text in the right column	
• *A member or student has a duty of confidence in respect of the affairs of any client and shall not disclose, without proper cause, any information obtained in the course of his or her duties, nor shall he or she in any way exploit such information to his or her advantage.*	Confidentiality Members have a duty of confidentiality in respect of information acquired as a result of professional, employment and business relationships and they will not disclose to any third party, without proper cause and specific authority, any information, nor will they exploit such information to their personal advantage or the advantage of a third party. The principle of confidentiality includes the need to maintain the confidentiality of information within a member's firm or employing organization. The disclosure of confidential information by a member may be required or appropriate where such disclosure is: • Permitted or authorized by the client or employer; • Required by law; or • Permitted or required by a professional right or duty, when not prohibited by law.

The following text in the left column is **deleted** and **replaced** with the text in the right column	
• *A member who engages to perform an assurance or specified auditing procedures engagement shall be and remain free of any influence, interest or relationship, in respect of the client's affairs, which impairs the member's professional judgment or objectivity or which, in the view of a reasonable observer, would impair the member's professional judgment or objectivity.*	Objectivity Members do not allow their professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others. The public expects that members will bring objectivity and sound professional judgment to their professional services. It thus becomes essential that a member will not subordinate professional judgment to external influences or the will of others. The public interest in the objectivity of a member engaged to perform an assurance or a specified auditing procedure requires that the member be, and be seen to be, free of influences which would impair the member's objectivity. Accordingly, the rules specifically require a member who engages to perform an assurance or specified auditing procedures engagement to be independent. The ethical standard of independence requires the member to be and remain free of any influence, interest or

	relationship, in respect of the client's affairs, which impairs the member's professional judgment or objectivity or which, in the view of a reasonable observer, would impair the member's professional judgment or objectivity.

The following text in the left column is **deleted** and **replaced** with the text in the right column	
A number of the principles need not be expounded upon – those which concern: upholding the honor and good reputation of the profession; the performance of professional services with integrity and care; the duty of confidence; and the duty to act with courtesy and consideration toward professional colleagues. Some aspects of the principles and of the rules of professional conduct derived from them do, however, warrant discussion: • the sustaining of professional competence; • the duty to avoid conflicts of	No replacement text.

interest in respect of a client's affairs; and • the development of a practice upon a reputation for professional excellence. It is apparent that the more sophisticated and complex society becomes, the greater the demands it makes of its institutions, including its professions. Society's expectations of the accounting profession – particularly in its financial reporting roles and its business advisory services -- will, therefore, continue to rise. This underscores the need, expressed in the statement of principles, for sustaining individual professional competence by keeping abreast of and complying with developments in professional standards in all functions where the member practices, claims to specialize or is relied upon because of his or her calling.	

The following text in the left column is **deleted** and **replaced** with the text in the right column	
It makes imperative, too, the duty that the chartered accountant has to bring, and be seen to bring, the qualities of objectivity and integrity to his or her professional services. It thus becomes a cardinal position of a member of the profession that he or she will not subordinate his or her professional judgment to the will of others, and that he or she expresses his or her conclusions honestly and impartially. In this respect, clearly, chartered accountants cannot practise their profession and participate in the affairs of their community without being exposed to circumstances that may place pressures upon their objectivity and integrity, and it would be impractical to impose detailed proscriptions intended to cover all conceivable situations. To do so on a rigid basis would be to inhibit the rendering of useful services even when the likelihood of impairment of the chartered accountant's objectivity is relatively remote.	No replacement text.

The following text in the left column is **deleted** and **replaced** with the text in the right column	
It may be difficult for a chartered accountant always to appear completely free of any disabling influence, interest or relationship in respect of his or her client's affairs. Pressures, however, upon his or her objectivity or integrity are subject to powerful countervailing forces and restraints. These forces include liability in law, responsibility to the profession for his or her professional actions and, most importantly, the inbred resistance of a disciplined professional person to any infringement upon his or her basic impartiality and integrity in the rendering of services. The public must be assured of the chartered accountant's freedom from any conflict of interest. The profession tests the existence of this freedom against the criterion of whether a reasonable observer would conclude that a specified relationship between a chartered accountant and a client posed an unacceptable threat to the chartered accountant's independence of judgment. Only thus can public confidence in the objectivity and integrity of the chartered accountant be sustained, and it is upon this public	As well, the rules specifically require that a member, before accepting or continuing an engagement, determine whether there is any restriction, influence, interest or relationship which, in respect of the proposed engagement, would cause a reasonable observer to conclude that there is or will be a conflict of interest. If there were to be such a conflict, the member is required to decline or discontinue the particular engagement unless there are accepted conflict management techniques which, with the informed consent of the affected client or clients, permit the member to accept or continue the engagement. With respect to both independence and conflicts of interest, the profession employs the criterion of whether a reasonable observer would conclude that a specified situation or circumstance posed an unacceptable threat to a member's objectivity and professional judgment. Only then can public confidence in the objectivity and integrity of the member be sustained, and it is upon this public confidence that the reputation and

confidence that the reputation and usefulness of the profession rest. The reasonable observer should be regarded as a hypothetical individual who has knowledge of the facts which the chartered accountant knew or ought to have known, and applies judgment objectively with integrity and due care.	usefulness of the profession rest. The reasonable observer should be regarded as a hypothetical individual who has knowledge of the facts which the member knew or ought to have known, and applies judgment objectively with integrity and due care.

Ethical conflict resolution

Circumstances may arise where a member encounters and is required to resolve a conflict in the application of the fundamental principles or compliance with the rules derived therefrom.

When initiating a process for the resolution of an ethical conflict, a member should consider, either individually or together with others, as part of the resolution process, the following:

- Relevant facts;
- Ethical issues involved;
- Fundamental principles and rules applicable to the matter in question;
- Established internal procedures; and
- Alternative courses of action.

Having considered these issues, the member should determine the appropriate course of action that is consistent with the fundamental principles and rules identified as being pertinent. The member should also weigh the consequences of each possible course of action. If the matter remains unresolved, the member should consult with other appropriate persons within the firm or employing organization for help in obtaining resolution.

Where a matter involves a conflict with, or within, an organization, a member should also consider consulting with those charged with governance of the organization, such as the board of directors or the audit committee.

It would be in the best interests of the member to document the substance of the issue and details of any discussions held or decisions taken, concerning that issue.

If a significant conflict cannot be resolved, a member may wish to obtain guidance on ethical issues without breaching confidentiality from the Institute or legal advisors. For example, a member may have encountered a fraud, the reporting of which could breach the member's responsibility to respect confidentiality. The member is advised to consider obtaining legal advice to determine whether there is a requirement to report.

If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, the member should, where ethically possible, refuse to remain associated with the matter creating the conflict. The member may determine that, in the circumstances, it is appropriate to withdraw from the particular engagement team or assignment, or to resign altogether from the engagement, the firm or the employing organization in a manner consistent with the rules of professional conduct.

Fiduciary duty

Members have duties to their clients that arise from the nature of the relationships with the clients. Members have a professional duty to act with integrity and due care and a contractual duty to provide services as defined by the terms of the engagement. In certain cases, the relationship between a member and a client could also be one that the courts describe as a fiduciary relationship that gives rise to fiduciary duties.

The concepts of fiduciary relationship and fiduciary duty are derived from the law of trusts. The obligations of a fiduciary can be onerous and the implications of being in breach of a fiduciary duty can be significant.

In determining whether a fiduciary relationship does exist, a court will look at all of the factors but, in a professional engagement situation, will particularly focus on the purpose and nature of the service being provided; the extent of the reliance which the client places on the member; any lack of sophistication of the client; the vulnerability of the client to the influence of the member; and, the discretionary authority, if any, granted by the client to the member. The court will also consider the extent of the disclosure to the client of the member's interest in the matter and whether the member has put himself or herself in a position of conflict or has an opportunity to receive a benefit unknown to the client.

Courts have held that, absent other circumstances, an auditor is not a fiduciary in the typical financial statement audit engagement (in keeping with the standard statutory purpose). However, when a member of the audit firm provides non-audit advisory services to the audit client and when the criteria for a fiduciary relationship exist, the audit firm may be found to be a fiduciary. A service provider is more likely to be found to be a fiduciary in professional engagements such as forensic or investigative accounting and investment advisory services.

Members must also note that a member who is an employee may, depending on the particular facts and circumstances, have a fiduciary relationship with his or her employer.

If there is any question as to whether a fiduciary relationship exists, legal advice should be obtained.

The specific duties that a court might find applicable to a fiduciary will vary depending on the particular facts and circumstances. In general, a fiduciary relationship requires the fiduciary to act in the utmost good faith on behalf of the client. As such, a fiduciary must not place himself or herself in a position where his or her interests conflict with that of the client; nor can a fiduciary profit from his or her position at the expense of the client. A fiduciary must use information obtained in confidence from a client only for the benefit of the client and must not use it for personal advantage or the benefit of another person. A fiduciary cannot act at the same time both for and against the same client and must make available to a client all of the information that is relevant to the client's affairs, unless these requirements are modified with the client's agreement. Other duties may be found to pertain but are less likely to apply to public accountants.

It is important for members to recognize that not all fiduciary relationships give rise to all fiduciary duties. The terms of the engagement, including explicit provisions for the disclosure of potential conflicts and/or the use of institutional mechanisms to maintain confidentiality are fundamentally important to the nature of the relationship and the duties that a court will find to apply in a particular case.

The responsibilities owed to an existing client are more comprehensive than the responsibilities owed to a former client. The responsibility owed to a former client is generally limited to the duty of confidentiality.

Some, but not all, fiduciary duties are also professional obligations under the rules of professional conduct. The existence of professional obligations that are similar to fiduciary duties is not in and of itself determinative as to whether a fiduciary relationship exists between a member and his or her client. The rules ~~of professional conduct~~ require that members maintain confidentiality, refrain from taking undisclosed profits and avoid conflicts of interest in all client relationships. While the law recognizes that only certain professional engagements give rise to fiduciary duties, members must be aware that they are subject to the rules of professional conduct in all engagements.

~~Turning to the matter of building a practice -- strictures against publicly claiming skills or attributes superior to those possessed by colleagues with equal qualifications, and against unprofessional methods of business development are readily understood by a member of a profession.~~

~~The profession can validly assert that such strictures as exist provide a result which is in the public interest. It would not be in the public interest that a practitioner could, publicly, claim for himself or herself professional skills exceeding those of similarly qualified practitioners, in a purely subjective fashion and without hindrance or reasonable constraint; nor that quality of service in the important realm of rights and property, in which chartered accountants function, should become secondary to price -- for example, a public accounting engagement being tailored to a bid price rather than to the needs of the engagement in the professional judgment of the chartered accountant.~~

~~It is not an exaggeration to suggest that these rules of professional conduct are basic to a profession, and serve the public interest in the quality of services provided by chartered accountants. The removal of all constraints would lead to downgrading the quality of service and the profession's reputation for competence and integrity. The public interest might not be served by an elimination of all constraints upon practitioners.~~

Note: The section of the current Foreword titled ***Principles governing the responsibilities of firms*** is re-located within the amended Foreword to follow the section titled ***Application of the rules of professional conduct***.

Personal character and ethical conduct

~~The rules which follow are based on the principles expressed in this Foreword. The principles themselves have emerged out of the collective experience of the profession as it has sought, down the years, to demonstrate its sense of responsibility to the public it serves. By their commitment to honorable conduct, members of the Institute, throughout its history, have given particular meaning and worth to the designation "chartered accountant". They have done so by recognizing that rules of professional conduct, which are enforceable by sanctions, cannot by their nature state the most that is expected of members, or students, but simply the least. The rules of professional conduct thus define a minimum level of acceptable conduct: ethical conduct in its highest sense, however, is a product of personal character -- an acknowledgement by the individual that the standard to be observed goes beyond that of simply conforming to the letter of a list of prohibitions.~~

The rules of professional conduct which follow are based on the principles expressed above in this Foreword. These principles have emerged out of the collective experience of the profession as it has sought, down the years, to demonstrate its sense of responsibility to the public it serves. By their commitment to honourable conduct, members of the Institute, throughout its history, have given particular meaning and worth to the designation "chartered accountant". They have done so by recognizing that rules of professional conduct, which are enforceable by sanctions, do not by their nature state the most that is expected of members, but simply the least -- the rules thus define a minimum level of acceptable conduct. Ethical conduct in its highest sense, however, is a product of personal character -- an acknowledgement by the individual that the standard to be observed goes beyond that of simply conforming to the letter of a list of prohibitions.

Application of the rules of professional conduct

- The rules of professional conduct apply to all members irrespective of the type of professional services being provided. Some rules have particular relevance to members engaged in the practice of public accounting. The rules and the guidance in this Foreword also apply, as appropriate, to students and, as discussed below, to firms.
- ~~Members and students~~ A member not engaged in the practice of public accounting ~~or a related business or practice~~ must observe these rules except where the wording of any rule makes it clear that it relates specifically to the practice of public accounting or there is a specific exception made in a particular rule.
- The term "professional services" also applies to members and students who are not engaged in the practice of public accounting. In this context, it includes those of a member's activities where the public or his or her associates are entitled to rely on membership in the Institute as giving the member particular competence and requiring due care, integrity and an objective state of mind.
- ~~A member is~~ Members are responsible to the Institute for compliance with these rules by others ~~associated with him or her in the practice of functions covered by the rules~~ who are either under ~~his or her~~ their supervision or share with

~~him or her~~ **them** proprietary interest in ~~the practice and~~ **a firm or other enterprise**. **In this regard, a member** must not permit others to carry out on his or her behalf acts which if carried out by the member would place him or her in violation of the rules.

- ~~A member who is resident outside Ontario is expected to abide by the rules of the organized accounting profession in the jurisdiction in which he or she resides and to ensure that his or her actions do not bring disrepute upon the Institute.~~
- **Members and students who reside outside Ontario continue to be subject to the rules of professional conduct in the province or provinces of membership. They may also be subject to the rules of the organized accounting profession in the jurisdiction in which they reside. Should the rules in two or more jurisdictions conflict, a member will, where possible, observe the higher or stronger of the conflicting rules and, where that is not possible, he or she will consider the ethical conflict guidance set out above.**

Principles governing the responsibilities of firms

Firms of chartered accountants, being comprised of members of the profession, have a responsibility which they share with their individual members to provide services that maintain the profession's reputation for competence and integrity. It is clear that the manner in which firms conduct their affairs and provide services has an importance that goes well beyond the establishment of their individual reputations; it affects the public perception of the chartered accountancy profession as a whole.

This broader responsibility requires that firms be accountable to the profession and the public in respect of ethical conduct and professional competence. The accountability of firms is formalized by bringing them within the authority of the rules of professional conduct in a manner that is similar to that for members but which also appropriately recognizes that the responsibility of firms as business organizations differs in important respects from that of the individual members carrying on professional engagements on their behalf.

The responsibility of firms to the profession is fulfilled in the first instance by establishing, maintaining and upholding appropriate policies and procedures designed to ensure that their members provide professional services in a manner that complies with the standards of conduct and competence prescribed in these rules. ~~In some circumstances, this responsibility may be fulfilled where the policies and procedures are established, maintained and upheld through practice and periodic review, but are not set out in writing. Whether or not they must be in writing for a firm to be in compliance with these rules will depend on such circumstances as the particular standard of competence or practice, the size of the firm and the nature of its business or practice.~~

The accountability of firms is based on the recognition that the services they provide are carried out by members of the profession who, through their individual and collective actions and through the exercise of professional judgment, are expected at all times to comply with these rules and to adhere to the generally accepted standards of practice of the profession. Depending on the circumstances and the particular standard of competence or conduct, therefore, a firm's

accountability for a failure to comply with the rules may be shared with a member or members of the firm. It is acknowledged in this regard that a firm cannot be held accountable for the conduct of its members who do not comply with these rules, where the firm has done all that it could be reasonably expected to have done to ensure that such members do comply with the rules.

A firm will be held accountable, as an organization, for its professional conduct and standards in those instances where:

- the firm has policies and/or procedures which are inconsistent with the rules; or
- the breach of any rule by any member of the firm is found to be related to the absence of quality control procedures or to the existence of quality control procedures that are inadequate for the type of practice in which it is engaged; or
- the firm is identified with a conduct or the provision of professional services that is in breach of the rules and it is unclear which member(s) within the firm are responsible for such breach; or
- the conduct that breaches the rules was authorized, initiated, implemented or condoned by the firm prior to or at the time it takes place; or
- the conduct that breaches the rules is condoned or concealed by the firm after it learns of it; or
- the firm did not take appropriate action in response to becoming aware of any conduct that breaches the rules; or
- there are repeated instances of breaches of the rules by member(s) of the firm.

In keeping with the principle that firms have a responsibility to maintain the good reputation of the profession, it is only appropriate in these circumstances that the firm and the individual member(s) be the subject of investigation and disciplinary sanction.

The inclusion of firms within the authority of the rules does not presume that an investigation against a firm automatically calls into question the character, competence or conduct of all of the members of the firm. Indeed, there is an obligation on the part of those given responsibility for the enforcement of the profession's standards to ensure that any investigation of a firm be restricted to those who should properly be the subject of the investigation and resulting disciplinary sanction. This involves recognizing that firms may have many partners and/or offices and/or a number of departments or units within the offices, whether or not they are geographically distinct. In some circumstances, therefore, accountability for a failure to comply with the rules will rest solely with the individual partners of a firm who had knowledge of the matter that is the reason for making charges against the firm. In other circumstances, the accountability will rest with identifiable departments or units within a firm, or with a firm's executive committee, management committee or equivalent group.

Interpretation of the rules of professional conduct

In interpreting the rules, they are to be read in light of the Foreword to the rules and the definitions in and provisions of the bylaws of the Institute.

APPENDIX A to the Fifth Bylaw of 2009

CI 204.8 – INDEPENDENCE - DISCLOSURE OF IMPAIRMENT OF INDEPENDENCE

Professional services, other than assurance or specified auditing procedures and insolvency engagements

1 Members and firms who provide a professional service which does not require the member or firm to be independent are required by Rule 204.8 to disclose any **activity,** ~~influence~~, interest or relationship which, in respect of the professional service, would be seen by a reasonable observer to impair the member's or firm's independence. Members and firms should refer to Rules 204.1 to 204.7 and the related Council Interpretations when determining whether they must be independent and would appear to be independent with respect to particular engagements.

2 Such disclosure is required whether or not any written report or other communication is provided and should indicate the nature of the **activity,** ~~influence~~ or relationship and the nature and extent of the interest. Any written communication concerning or accompanying financial statements or financial or other information must include such disclosure.

3 Independence is not required for compilation engagements. Where the provider of the compilation service may be seen to be lacking independence, the disclosure requirement of Rule 204.8 applies.

4 **For the purposes of Rule 204.8 the preparation of accounting records or journal entries in connection with a compilation engagement is not an activity that requires disclosure in the Notice to Reader unless such preparation involves complex transactions as contemplated by paragraph 143 of the Council Interpretations to Rules 204.1 to 204.6.**

4**5** Tax return services may require disclosure in respect of some of the information filed with the return. If the return is simply the assembling and reporting of information provided by the taxpayer, then the member or firm involved has simply processed that information and disclosure should not be necessary.

5**6** Members and firms are cautioned that disclosure under Rule 204.8 does not relieve them from their obligation to comply with the rules of professional conduct and in particular Rules 201, 202, 205 and 206.

APPENDIX B to the Fifth Bylaw of 2009

AMENDMENT OF CI 217.1 (ADVERTISING AND PROMOTION) AND CI 217.3 (ENDORSEMENTS)

CI 217.1 Advertising and promotion

General advertising

1 It is in the public interest and in the interest of all members of the Institute that members and firms be allowed to advertise or otherwise promote services available and the basis of fees charged. Members should be able to receive publicity, identifying them as members of the Institute, in areas which reflect their competence and knowledge, in matters which are within the scope of activities of members of the Institute, and in matters of civic or public interest. Advertising and publicity should contribute to public respect for the profession and thus to the professional standing of all members. It is the responsibility of the member or firm to ensure that any promotional material produced by or under the control of the member or firm is factual, and that any commentary is not misleading.

2 As guidance to members and firms, the following outlines what is acceptable conduct in a number of areas. Unless specifically noted, this interpretation also applies to members otherwise engaged or employed, and to firms or corporations engaged in a related business or practice. The objective is to ensure that advertising or other promotional communication is accurate and factual.

3 Members and firms that engage public relations, recruiting or other agents are responsible for ensuring that no activity for which the agent is engaged contravenes the rules. While there are matters in which the use of skilled assistance can be advantageous, it should be recognized that there is an inherent danger of contravention of the rules and that close control must be exercised to avoid breaches. ~~Public relations, recruitment and advertising copy should be closely scrutinized when engaging the services of agents to ensure that it contains nothing objectionable.~~

4 A member or firm may be the subject of, or may be referred to, in any bona fide news story (including interviews and commentaries) or may publish any work (including any professional paper, report, article, etc.) related to the member's or firm's professional services, provided that the member or firm uses all best efforts to ensure that none of the contents of such news story or work violates the requirements of Rule 217.

False or misleading advertising

5 **It is not appropriate for members and firms to use advertising or promotional communications or media, including electronic media, that bring disrepute on the profession.**

~~5~~ 6 Members and firms should ensure, at all times, that any public reference (in promotional material, websites, stationery, reports, etc.) to themselves or their services is accurate. The following are examples of false or misleading references:

(a) any implication that the practising unit is larger than it is, such as by use of plural descriptions or other misleading use of words;
(b) any implication that a person is a partner of a firm, when the person is not;
(c) any implication that a person is entitled to practise as a public accountant, ~~by including his or her name in public announcements of a practising firm.~~ if the person is not licensed as a public accountant;
(d) any reference to representation or association which is not in conformity with the facts;
(e) the use of obsolete or out of date information;
(f) any reference to particular services of any person or firm where the person or firm is not currently able to provide those services;
(g) any statement that the practice is restricted to one or more functions, if assignments are accepted in other practice functions;
(h) any statement that may create false or unjustified expectations as to the results of an engagement;
(i) the use in the letterhead of any member or practising office of the name of a non-member which is not clearly and separately identified.

~~6~~ 7 Any reference to fees which is intended for the information of the public (including prospective clients) should not be misleading. The following are examples of false or misleading fee references:

(a) fee information if service at the fee specified will not be available on an ongoing basis for a reasonable length of time;
(b) a quotation of specific fee information if service at the fee specified is conditional upon the acceptance by the client of other services, unless such condition is disclosed;
(c) a "rate per hour" or fee or fee range for specified services which does not give a reasonable description of the services included;
(d) fee information which quotes an unqualified "average rate", fee or fee range for services when a particular assignment might likely be billed at a significantly higher amount;
(e) fee information, using terms such as "from $X", where fees, rates or ranges are not sufficiently representative of those normally charged.

~~7~~ 8 Members and firms should ensure that any controllable public references to them, their services or accomplishments, whether written or oral, are not false or misleading.

~~**Professional good taste**~~

~~8 Members and firms should ensure that any advertising or other promotional communication takes into account the following considerations:~~

~~(a) content should not be extravagant or self-laudatory; and~~

~~(b) advertising or other promotional communications should not appear in media, including electronic media, that might tend to lower public respect for the profession.~~

Unfavourable reflections

9 Since any member or firm may be able to offer services similar to those offered by others, it is not appropriate for any member or firm to claim superiority with respect to the competence or integrity of any other member or firm. ~~It is also not appropriate for members and firms to use advertising or promotional communications or media , including electronic media, that bring disrepute on the profession.~~

Use of the term "specialist"

Individuals who have earned the designation "Chartered Accountant" have demonstrated a high level of education and professional experience. To hold oneself out as a specialist is to imply possession of particular skills, talents and experience.

11 Specialization must be distinguished from expertise. Expertise implies extraordinary knowledge about a specific subject – no matter how broad or how narrow. Specialization implies a concentration of professional skills developed and applied over a meaningful period of time. A person may be an expert without being a specialist.

12 Members designating themselves, their practising offices or related businesses or practices as specialists must be prepared to substantiate the claim. Failure to provide advice to a specialist standard after accepting an engagement to do so may have serious legal consequences.

13 A member seeking identification as a specialist should be designated as a specialist by the appropriate CICA Alliance For Excellence or Accredited Organization or should meet the following minimum criteria:

(a) the member should be recognized as such by peers, clients and business associates;
(b) a significant percentage of the member's time over a sustained period should have been spent in the specialty;
(c) the member should have completed courses and/or successfully completed appropriate examinations, if applicable, for the specialty;
(d) the member should continue professional development relevant to the specialty, such as attendance at courses, teaching or writing; and
(e) the member should continue to devote a significant percentage of time to the specialty.

14 Improperly claiming specialist status may violate one or more of the following rules:

- Rule 201.1, which requires members and firms to act in a manner that will maintain the good reputation of the profession;
- Rule 202, which requires members to perform their services with integrity and due care;
- Rule 203.1, which requires members to sustain their professional competence in all functions in which they practise;
- Rule 210, which requires members and firms to avoid conflicts of interest; and
- Rule 217.1~~(d)~~ **(a)**, which requires members to refrain from making statements that cannot be substantiated.

15 Firms intending to identify themselves as specialists should meet the following minimum criteria:

(a) the firm should be recognized as such by peers, clients and business associates;
(b) a significant percentage of the firm's time over a sustained period should have been spent in the specialty;
(c) firm members should have completed courses and/or successfully completed appropriate examinations, if applicable, for the specialty;
(d) firm members should continue professional development relevant to the specialty, such as attendance at courses, teaching or writing; and
(e) the firm should continue to devote a significant percentage of time to the specialty.

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217.3 Endorsements

1 "Endorsement" means

(a) public promotion, support, sponsorship, recommendation, guarantee, sanction or validation of any product or service of another person or entity; or
(b) public indication or implication that the member either
  (i) uses a product or service of another person or entity, or
  (ii) has an association with a product or service of another person or entity that is of a nature that has enabled the member or firm to formulate an opinion or belief as to the quality of the product or service or the benefits to be derived by the purchasers or users of the product or service; or
(c) consent, including by acquiescence, to the use of the member's or firm's name in connection with any of the activities described in (a) or (b).

Providing a WebTrust™ or other assurance service does not constitute an endorsement of the client's products or services.

2 When endorsing a product or service that the member or firm uses in business or professional practice, the member or firm should first make an appropriate investigation or assessment of the product or service so as to be able to express an opinion or state a belief about it.

3 When endorsing a personal product or service, the member or firm should have sufficient familiarity or acquaintance with the product or service to make an informed and considered decision about it.

4 When endorsing any product or service, a member or firm must take care to ensure that the endorsement does not or would not, in the view of a reasonable observer, impair ~~professional judgment or objectivity~~ **independence** with respect to an engagement that requires **independence** ~~objectivity, such as an audit or review of financial statements~~.

~~5 A member or firm must ensure that an endorsement of a product or service is in professional good taste, does not make unfavourable reflections on the competence or integrity of the profession and does not contain any statement that the member or firm cannot substantiate.~~

AMENDMENTS TO BYLAWS AND REGULATION II
ADOPTED BY THE COUNCIL ON JUNE 18, 2009

AMENDMENTS TO BYLAW 801

800 MANDATORY CONTINUING PROFESSIONAL DEVELOPMENT

801 Mandatory continuing professional development requirements

(1) Membership Committee

In addition to Bylaw 269, the membership committee has authority to:

(a) prescribe a form of compliance declaration, plan of action, waiver request, or other forms or documents to be filed by members;

(b) require a member to produce such verification of the contents of the member's compliance declaration as the committee deems necessary including, but not limited to, confirmation of verifiable and unverifiable continuing professional development undertaken by a member; ~~and~~

(c) review and make a determination based upon written submissions from a member, whether the member has complied with the requirements of this bylaw, including but not limited to matters relating to the adequacy, completeness or accuracy of any compliance declaration or other form or document submitted by a member;

(d) make recommendations to the Council regarding continuing professional development policies and procedures;

(e) consider and decide any request by a member for a review of a decision of the registrar in regard to a request for exemption from the applicability of this bylaw or a request for a waiver, reduction or other special consideration as a result of a leave from the workforce due to maternity, parenting, family care, medical circumstances, voluntary unemployment, involuntary unemployment or other circumstances, in keeping with this bylaw, applicable regulation, policy, procedure or guideline adopted by the Council from time to time;

(f) make a complaint to the professional conduct committee where the membership committee becomes aware that a member has not complied with the requirements of this bylaw or any other bylaw, regulation, policy or procedure approved by Council to govern continuing professional development;

(g) direct the registrar to suspend or terminate any member not in compliance with the provisions of this bylaw or any regulation or make a complaint to the professional conduct committee;

(h) receive for the record notice of the suspension or termination of members who have not complied with the requirements of this bylaw;

(i) implement a process to audit members to ensure compliance with the requirements of this bylaw in accordance with the applicable regulation, policy or procedure, as may be approved by the Council from time to time; **and**

(j) take steps or actions as may be necessary to give effect to the requirements of this bylaw.

(2) Members subject to the mandatory continuing professional development requirement
Every member not otherwise exempt from the provisions of this bylaw shall undertake continuing professional development relevant and appropriate to the member's work and professional responsibilities.

(3) Required minimum amount of continuing professional development
The minimum amount of continuing professional development that a member **who is not retired** must complete, unless the member is exempt from such requirement under the provisions of this bylaw or has received a waiver or reduction as may be applicable, shall be:
(a) 20 hours annually; and
(b) 120 hours in every three-year reporting period.
At least 10 hours of the 20-hour annual requirement and at least 60 hours of the 120-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other continuing professional development.

A member who is retired shall be eligible for exemption from the requirement to complete continuing professional development except as otherwise prescribed in clause (18).

~~In accordance with clause (18), a retired member is not required to complete continuing professional development.~~

~~Where a retired member claims that he or she is not subject to the requirements of this bylaw and the registrar determines that this bylaw applies to the member, the member may apply in writing to have the matter reviewed by the membership committee. The committee shall make a final determination in respect of the matter and there shall be no further review.~~

(4) Transitional provisions
Notwithstanding the provisions of clause (5) of this bylaw, the reporting period for compliance with the provisions of this bylaw shall be in accordance with former Bylaw 801(20) and (21) and these provisions shall remain in force and effect until January 1, 2010.

Notwithstanding the provisions of clause (18) of this bylaw, the former Bylaw 801(18) shall remain in force and effect until January 1, 2010 and clause (18) of this bylaw shall not come into force and effect until this date.

(5) Reporting period
The first three-year reporting period of the purposes of complying with this bylaw shall commence on January 1, 2010. Every three-year period thereafter shall end on December 31 and begin on January 1 in similar fashion.

(6) Content of continuing professional development
The content of the member's professional development activity must contribute to the member's personal professional development and the activity shall:

(a) be quantifiable, meaning that it must be specifically identifiable and be able to be expressed in terms of a specific time requirement;
(b) be directly related to the competencies needed to carry on the member's employment or practice;
(c) be relevant to the member's current professional needs and/or long-term career interests; and
(d) contain significant intellectual or practical content.

(7) Verifiable continuing professional development

"Verifiable continuing professional development" means that the learning can be objectively verified by a competent source and may include:
(a) participation in courses, conferences and seminars;
(b) organized employer-based in-house training sessions;
(c) research or study projects in areas that expand the professional knowledge of the member and that result in presentations, reports or similar documentation;
(d) research, including reading professional literature or journals for specific application in a professional role;
(e) participation and work on technical committees;
(f) published professional writing or academic work;
(g) writing technical articles, papers or books;
(h) teaching a course or a continuing professional development session in an area that is relevant to a professional role;
(i) participation as a speaker in conferences, briefing sessions or discussion groups;
(j) formal study such as leading to a degree or diploma;
(k) pre-professional re-examination or formal testing;
(l) self study involving successful completion of an examination or leading to a designation.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time pursuant to this bylaw and Bylaw 267.

(8) Unverifiable continuing professional development

"Unverifiable continuing professional development" means independent and informal learning activities and may include:
(a) on-the-job training for new software, systems, procedures or techniques for application in a professional role;
(b) self study that does not involve an examination or other objective certification of completion, such as conference reference material or self-study by electronic media or device;
(c) casual reading of professional journals or magazines that is not part of research for a specific application in a professional role.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time pursuant to this bylaw and Bylaw 267.

(9) Filing compliance declaration and other documents

Every member subject to the continuing professional development requirements of this bylaw shall submit annually on or before the due date prescribed in the notice sent by the Institute, a completed compliance declaration in the prescribed form attesting that the requirements of this bylaw have been met, not met, or that the member is not required to undertake continuing professional development in accordance with clause (18).

Where a member files a compliance declaration indicating therein that the member did not complete the required continuing professional development, the member shall:

(c) file with the registrar within 14 days of filing the compliance declaration, a completed plan of action in the prescribed form, detailing how the member intends to complete the required continuing professional development; or
(d) file with the registrar within 14 days of filing the compliance declaration, a request in the prescribed form, for an exemption, reduction or other special consideration, from the prescribed professional development requirements of this bylaw and any additional information as may be required to support such request in accordance with the applicable regulation, policy or procedure approved by the Council from time to time.

(10) Plan of action

The registrar shall review a member's plan of action to ensure that it contains sufficient information to establish that the member intends to comply with the provisions of this bylaw. If the registrar determines in accordance with the applicable regulation, policy or procedure as may be approved by Council from time to time that the plan is complete and contains sufficient detail of how the member intends to complete the required continuing professional development, the member shall be notified in writing that the plan of action has been accepted. The registrar shall give prompt notice in writing or by other electronic means of the acceptance of the plan of action and the date of acceptance of the plan; and the member shall have 120 days from the date of acceptance of the plan to comply with the requirements of this bylaw and provide written notice or notice by other prescribed means that the member has completed the continuing professional development and complied with this bylaw.

If the registrar determines in accordance with the applicable regulation, policy or procedure as may be approved by Council from time to time that the plan of action is incomplete or lacks sufficient detail to show how the member intends to complete the required continuing professional development, the registrar shall notify the member in writing or by other electronic means of the deficiencies in the plan of action and that a corrected plan of action must be filed within 14 days from such notice, along with any other prescribed documents.

Except in extraordinary medical or compassionate circumstances, only one plan of action may be filed during any three-year reporting period.

(11) Requests for exemptions, reductions or other special consideration

A ~~request for~~ **member requesting** an exemption, reduction or special consideration of the continuing professional development requirements of this bylaw shall complete the prescribed form and if applicable, provide any additional information or documents as may be necessary in accordance with the applicable regulation, policy or procedure approved by Council from time to time.

Upon receipt of the request, the registrar shall review the request and shall make a determination based on the applicable regulation, policy, procedure or guideline adopted by Council from time to time, and in doing so the registrar may:
(a) exempt the member from all or a portion of the continuing professional development requirement;
(b) require the member to provide in a timely manner, any additional information or documents in order to consider the request;
(c) require that the member file a complete and accurate plan of action and if applicable, prescribe a date by which the member must file a declaration attesting that the member has completed the required continuing professional development and has complied with the requirements of this bylaw;
(d) consider and, if found acceptable, approve a complete and accurate plan of action or other proposal by a member to remedy any contravention of this bylaw or to complete continuing professional development in accordance with clause (3);
(e) take steps or actions necessary to ensure the member complies with this bylaw and that the integrity of the continuing professional development program is maintained.

The registrar shall give prompt notice in writing or by other electronic means to the member of a decision regarding the request for exemption, reduction or other special consideration. The member may apply in writing to have the matter reviewed by the membership committee. The committee shall make a final determination in respect of the matter and there shall be no further review.

(12) Suspension of membership
A member who fails to:
(a) file a completed compliance declaration form within the period indicated in the notice sent by the Institute; or
(b) file a completed plan of action within 14 days of filing the member's compliance declaration in accordance with clause (9) of this bylaw; or
(c) file a completed request for an exemption, reduction or special consideration, and any supporting documents in relation to such request, within 14 days of filing the member's compliance declaration in accordance with clause (9) of this bylaw; or
(d) file a corrected plan of action within 14 days of being requested to do so by the registrar in accordance with clause (10) of this bylaw; or
(e) file, within 14 days of the date prescribed or determined by the registrar, any further information or documents or a plan of action or other proposal in respect of a request for a reduction, waiver or other exemption from the requirements of this bylaw, or compliance declaration, in accordance with clause (11) of this bylaw; or
(e) provide, within 14 days of the date prescribed or determined by the registrar, information or documentation satisfactory to the registrar in respect of the member having taken any steps or actions necessary to ensure the member complies with this bylaw and that the integrity of the continuing professional development program is maintained, in accordance with the provisions of clause (11) of this bylaw; or
(f) notify the Institute in writing within the 120 day period prescribed in clause (10) of this bylaw that he or she has complied with the continuing professional development requirements of this bylaw; or
(g) provide any record, form, document, declaration or other item as may be required for audit purposes;

shall have his or her rights and privileges of membership under the *Act* and the bylaws of the Institute suspended by the registrar and such suspension shall be reported for the record to the membership committee and, if the member is licensed as a public accountant, to the public accounting licensing committee.

(13) Reinstatement to membership

If a person whose rights and privileges of membership under the *Act* and bylaws were suspended pursuant to clause (12) or the applicable regulation adopted by Council under this bylaw, provides to the Institute not later than three (3) months from the date of such suspension, a reinstatement fee if applicable, and:

(a) a declaration in the prescribed form attesting that the requirements of this bylaw have been met, or

(b) any record, form, document, declaration or notice that rectifies any default under clause (12), or

(c) if applicable, any record, form, document, declaration, fee or other item requested pursuant to clause (19),

the member's rights and privileges of membership shall be reinstated by the registrar as of the date the prescribed form and applicable fee or other documentation is received, and the reinstatement shall be reported to the membership committee for the record and, if the member was licensed as a public accountant as of the date of the suspension, to the public accounting licensing committee.

Upon request by the member, the membership committee may consider a request to rescind the member's suspension and remove from Institute records any such suspension, if it determines that there were medical, compassionate, extraordinary or other mitigating circumstances, which, in the opinion of the committee, warrant such action.

(14) Termination of membership

The membership of any member whose rights and privileges of membership have not been reinstated within three (3) months of the date of suspension, shall be terminated. The person's name shall be removed from the register, and the termination shall be reported to the membership committee for the record and if the person was licensed as a public accountant as of the date of the termination, to the public accounting licensing committee.

(15) Exceptions to termination

Notwithstanding clauses (13) and (14), where

(a) a member's practising unit is the subject of a practice inspection; or

(b) a member is the subject of an investigation or a charge made by the professional conduct committee; or

(c) a member has not fully complied with an order of the discipline committee or the appeal committee;

his or her membership shall not be terminated under this bylaw until the practice inspection or professional conduct committee investigation has been completed, or the final disposition of the charge has been made, or the member has fully complied with the discipline or appeal committee order, as the case may be.

(16) Application for readmission to membership

A person whose membership has been terminated pursuant to clause (14) of this bylaw may apply to the membership committee for readmission to membership in the Institute in accordance with the provisions of Bylaw 352.

Upon request by the member or in conjunction with a request for readmission pursuant to Bylaw 352, the membership committee may consider a request to remove from Institute records any termination of membership arising from medical, compassionate, extraordinary or other mitigating circumstances, which, in the opinion of the committee, warrant such action.

(17) Other membership(s)

Where a member holds membership in another provincial institute the member is required to report continuing professional development compliance in the jurisdiction where the member holds prime membership.

A member not residing in Canada or Bermuda who holds membership in an accounting body recognized by the Council pursuant to Bylaw 303 and which has continuing professional development requirements substantially similar to those of the Institute, shall indicate on the compliance declaration that the member has met the requirements of that recognized accounting body.

Where a member is not residing in Canada and does not belong to an accounting body recognized by the Council pursuant to Bylaw 303, the member shall comply with the requirements of this bylaw.

(18) Retired members

A member who is retired from full-time practice, full-time employment or full-time business activity shall be exempt from the requirement to complete continuing professional development under this bylaw unless the member:

(a) is licensed to practise public accounting; or

~~(b) is involved in any activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant as described in (i) or (ii) below~~.

~~(i) For the purposes of determining whether it is reasonable to believe that another party is relying on the member's skills as a chartered accountant, such activity includes but is not limited to:~~

~~(aa) any service(s) for which the member is remunerated;~~

~~(bb) service by the member on the board or governing body of a reporting issuer as defined in Rule 204 of the Rules of Professional Conduct;~~

~~(cc) service on the board or governing body of a public interest entity as defined below.~~

~~***For the purposes of this bylaw, a "public interest entity" means***~~

~~***there is a high degree of outside interest in the entity from large numbers and diverse classes of stakeholders and***~~

~~(dd) it has a social responsibility because of the nature of its operations; or~~

~~(ee) the substantial majority of its stakeholders depend on external financial reporting, as they have no other way of obtaining financial information about the entity;~~

~~and without limiting the generality of the foregoing, includes such entities as large not-for-profit organizations, charities or foundations, hospitals, health authorities, publicly funded educational institutions, social service agencies and co-operative business enterprises; and deposit-taking institutions.~~

~~A retired member who serves on the board, governing body or audit committee of a public interest entity whose annual gross revenue is greater than $100,000 shall complete 50 per cent of the minimum continuing professional development hours annually and in each three-year reporting period that are prescribed in clause (3) of this bylaw, provided that at least 5 hours of the annual requirement and 30 hours of the triennial requirement shall consist of verifiable continuing professional development.~~

~~(ii) A retired member to whom (i) above does not apply shall complete continuing professional development as prescribed below if the member provides on a part-time basis compilation, accounting or taxation services as defined in Bylaw 103(25):~~

~~(aa) when gross annual income from part-time practice exceeds $25,000: 10 hours annually, and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development; or~~

~~(bb) when gross annual income from part-time practice does not exceed $25,000: 5 hours annually, and 30 hours in every three-year period, provided that at least 15 hours of the 30-hour triennial requirement shall consist of verifiable continuing professional development.~~

Exemption for retired members

(a) A member who is retired shall be exempt from the requirement to complete continuing professional development under this bylaw.

is licensed to practise public accounting, or

(ii) is involved in any activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant, then notwithstanding subsection (a), the member must complete continuing professional development requirements as prescribed in subsection (f) below.

(c) For the purposes of this bylaw, "retired" means the member has ceased full-time practice, full-time employment or full-time business activity and the sum of the member's age and the total number of years of aggregate membership in the Institute or the Institute and another professional accounting body equals or exceeds "90". "Another professional accounting body" means a provincial institute, or a professional accounting body that is recognized by the Council pursuant to Bylaw 303 or Bylaw 402.

Reliance on member's skills as a chartered accountant

(d) For the purposes of determining whether a member is involved in any activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant, such activity includes but is not limited to:

(i) serving on the board or governing body of a reporting issuer as defined in Rule of Professional Conduct 204;

(ii) serving on the board or governing body of a public interest entity as defined in subclause (e);

(iii) providing compilation, accounting or taxation services as defined in Bylaw 103(25) on a part-time basis;

(iv) providing other professional service(s) for which the member is remunerated and the gross annual revenue from such service(s) exceeds $25,000.

Definition of public interest entity

(e) For the purposes of this bylaw, a "public interest entity" is one where

(i) there is a high degree of outside interest in the entity from large numbers and diverse classes of stakeholders,

and either

(ii) the entity has a social responsibility because of the nature of its operations, or

(iii) the substantial majority of the entity's stakeholders depend on financial reporting, as they have no other way of obtaining financial information about the entity;

and without limiting the generality of the foregoing, "public interest entity" includes

(iv) a deposit-taking institution; and

(v) a not-for-profit organization, charity, foundation, hospital, health authority, publicly funded educational institution, social service agency or co-operative business enterprise that has annual gross revenue greater than $100,000.

Specific requirements for retired members subject to continuing professional development

(f) The minimum continuing professional development requirement for retired members who are subject to completion of continuing professional development pursuant to subclause (b) is as follows:

Licensed to practise public accounting or	20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour

Serving on the board or governing body of a reporting issuer as defined in Rule of Professional Conduct 204	triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.
Serving on the board or governing body of a public interest entity	10 hours annually and 60 hours in each three-year reporting period, provided that at least 5 hours of the 10-hour annual requirement and 30 hours of the 60-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.
Providing compilation, accounting or taxation services as defined in Bylaw 103(25) on a part-time basis *or* *Providing other professional service(s) for which the member is remunerated*	When the aggregate gross annual revenue from such services is more than $75,000: 20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development. When the aggregate gross annual revenue from such service(s) is more

	than $25,000 and less than or equal to $75,000: 10 hours annually, and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other professional development.

Review of registrar's determination that a retired member is subject to continuing professional development

(g) When a retired member claims that he or she is not subject to the requirements of this bylaw and the registrar determines that this bylaw applies to the member, the member may apply in writing to have the matter reviewed by the membership committee. The committee shall make a final determination in respect of the matter and there shall be no further review.

(19) Practice inspection

During the course of a practice inspection as authorized by Bylaw 267, a member shall upon request, produce any record, document, declaration or other item relating to the member's compliance with the continuing professional development requirements of this bylaw. Where a member fails to provide the requested information or document, or where it cannot be produced on request, the matter shall be referred to the membership committee for consideration and the matter dealt with in accordance with the applicable regulation, policy, procedure or guideline implementing an audit process to ensure member compliance with this bylaw.

(20) Regulations, policies, procedures and guidelines

To ensure member compliance with the requirements of this bylaw, the Council may from time to time approve regulations, policies, procedures, and guidelines to govern and implement an audit process including but not limited to enforcement measures, fines and sanctions for noncompliance.

Council may from time to time approve regulations, policies, procedures, guidelines or other measures to establish the eligibility of members to be exempt from the provisions of this bylaw, or to reduction or other consideration under this bylaw.

AMENDMENTS TO REGULATION II

200 APPLICANTS FROM RECOGNIZED ACCOUNTING BODIES OUTSIDE CANADA

202 Subject to the provisions of this regulation and the Bylaws of the Institute, an applicant shall be accepted as a membership candidate if the evidence submitted by the applicant satisfies the Applications Committee that the applicant meets the requirements of **the bylaws and** either Section 203 or Section 204, and Section 205 as may be applicable.

Only applicants for membership candidacy or membership candidates are eligible to attend any course(s) or write any examinations required for admission to membership as may be prescribed by Council.

CERTIFIED PUBLIC ACCOUNTANTS FROM THE UNITED STATES OF AMERICA

203 The Applications Committee may consider an application to become a membership candidate from a certified public accountant from the United States of America.

Such applicant may apply to the Institute to become a membership candidate if he or she:

(1) is a certified public accountant from the United States of America; and

(2) holds

(a) a CPA certificate in good standing issued by a state board of accountancy which has adopted the 150 hour education requirement prescribed by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants in the *Uniform Accountancy Act* and the Uniform Accountancy Rules as the educational requirement for qualification as a certified public accountant in that jurisdiction; or

(b) a CPA certificate in good standing and a licence or permit to practise issued by a state board of accountancy that has adopted the 150 hour requirement prescribed by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants in the *Uniform Accountancy Act* and the Uniform Accountancy Rules as the education requirement for qualification for licensure of a certified public accountant in that jurisdiction; and

(3) holds a **CPA** certificate in good standing issued by a state board of accountancy in the United States of America which recognizes membership in the Institute as the basis for obtaining the certificate granted by that board without requiring the uniform CPA examination be written; and

~~(4) wrote all parts of the uniform CPA examination while a *bona fide* resident of a country other than Canada for a continuous period of at least three years; and~~

(4) wrote all parts of the uniform CPA examination while not a resident, and not having been a resident, of Canada for a period of three continuous years immediately prior to writing the examinations; and

(5) was not registered as a student with the Institute under Regulation I prior to or during the writing of any examination section of the uniform CPA examination; and

~~(5)~~ (6) has fulfilled any other eligibility requirements as may be prescribed by Council from time to time.

MEMBERS OF ANY OTHER RECOGNIZED ACCOUNTING BODY

204 A person may apply to the Institute to become a membership candidate if he or she:
(1) is a member in good standing of a recognized accounting body which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring the normal final examination(s) of that body be written: or
(2) is a former member of any such recognized accounting body whose membership in the accounting body ended while he or she was in good standing and the accounting body was at that time, designated; or
(3) is a member or former member whose membership was terminated in good standing in an accounting body outside Canada that is not a recognized accounting body at the date of making application to the Institute, provided he or she had been admitted to membership in that body at a time when it was a recognized accounting body; and
~~(4) has been a *bona fide* resident of a country other than Canada for a continuous period of at least three years during which all parts of the normal qualifying examination(s) for students of that particular recognized accounting body were written; and~~
(4) wrote all parts of the normal qualifying examination(s) while not a resident, and not having been a resident, of Canada for a period of three continuous years immediately prior to writing the examinations; and

(5) was not registered as a student with the Institute under Regulation I prior to or during the writing of any examination section of the normal final examination(s) of a recognized accounting body; and

~~(5)~~ (6) has fulfilled any other applicable requirements prescribed by Council from time to time

300 APPLICATION PROCESS – GENERAL

DOCUMENTS

305 An applicant shall have a maximum of twelve months from the date the Institute receives the prescribed form(s) and fee to complete their application and provide the Institute with all of the documents and information required for the Applications Committee to make a determination, failing which, the applicant's file will be closed. If there are exceptional or extraordinary circumstances, an applicant may write to the registrar requesting that his or her file remain open for an additional year, and pursuant to Bylaw 223(3) the registrar shall make a decision within thirty

days of receiving the request, based on the information provided by the applicant. An applicant shall have thirty days from the date of a decision by the registrar to apply in writing to have the decision reviewed by the Applications Committee and there shall be no further review.

500 ADMISSIONS TO MEMBERSHIP

APPLICATION FOR ADMISSION TO MEMBERSHIP

501 A membership candidate who has satisfied the Applications Committee that he or she meets the requirements of the bylaws and this regulation and has completed such other requirements, including the payment of any fee(s), as may have been established by Council or by the Applications Committee under the authority of Council, is eligible to apply for admission to membership, subject to this regulation and the membership policies as may be approved by Council from time to time.

~~503 A membership candidate seeking admission to membership in the Institute must have not more than five years prior to the date on which the application for admission is received, successfully completed all requirements for membership.~~

503 Membership candidates have five years from the date of receipt of their application for membership candidate status by the Institute, to submit a completed application for membership, which includes paying any prescribed fee(s). A membership candidate who does not apply for membership within this time period shall cease to be registered with the Institute. If there are exceptional or extraordinary circumstances, a membership candidate may write to the registrar pursuant to Bylaw 223(3) requesting that he or she remain registered for an additional year and the registrar shall make a decision based on the information provided. A membership candidate shall have thirty days from the date of a decision by the registrar to apply in writing to have the decision reviewed by the Applications Committee and there shall be no further review.

TRANSITIONAL PROVISIONS

504 Where an applicant has been accepted as a membership candidate by the Applications Committee on or before February 22, 2008 and the Applications Committee has required the membership candidate to complete a period of prescribed practical experience or other requirements prior to applying for membership, the candidate shall have until December 31, 2010 to complete any such requirements. A membership candidate who has not completed the requirements directed by the Applications Committee by December 31, 2010 shall cease to be registered with the Institute.

505 Where an applicant submitted an application to become a membership candidate on or before February 22, 2008 and the application has not been considered and decided by the Applications Committee, the applicant shall have until December 31, 2009 to submit to the Institute all of the documents and other information required for the purpose of completing their

application. In the event the applicant has not submitted the required documents by December 31, 2009, the applicant's file will be closed.

700 RE-APPLICATION REQUIREMENTS

701 An applicant whose file has been closed pursuant to Sections 305 or who has ceased to be registered pursuant to Sections 503, 504 or 505, or who has withdrawn their application, shall not be eligible to reapply to become a membership candidate for a period of two years from the date the applicant's file was closed, or the membership candidate ceased to be registered with the Institute, or the date upon which the application was withdrawn, as the case may be.

702 If there are exceptional or extraordinary circumstances an individual may write to the registrar pursuant to Bylaw 223(3) requesting that he or she be permitted to apply to become a membership candidate prior to the expiration of the two year period. An individual shall have thirty days from the date of a decision by the registrar to apply in writing to have the decision reviewed by the Applications Committee and there shall be no further review.

AMENDMENTS TO THE MANDATORY PROFESSIONAL LIABILITY INSURANCE REGULATION ADOPTED BY THE COUNCIL ON SEPTEMBER 25, 2009

MANDATORY PROFESSIONAL LIABILITY INSURANCE REGULATION

Adopted by the Council pursuant to Bylaw 701 effective October 1, 1996 and ~~amended February 15, 2001, October 31, 2006, November 23, 2006 and February 22, 2008~~ including amendments to September 25, 2009

(1) Insurance coverage

Professional liability insurance coverage shall be maintained by

(a) every firm engaged in the practice of public accounting in Ontario;

(b) every professional corporation engaged in the practice of public accounting in Ontario; and

(c) every member engaged in the practice of public accounting in Ontario as either a sole proprietor or a partner of a non-member public accountant.

The minimum amount of insurance to be maintained by a member, firm or professional corporation as of January 1, 2008 shall be:

(i) $1 million where one member is engaged or employed in the practice of public accounting; or

(ii) $1.5 million where two or three members are engaged or employed in the practice of public accounting in the same sole proprietorship, partnership or professional corporation; or

(iii) $2 million where four or more members are engaged or employed in the practice of public accounting in the same sole proprietorship, partnership or professional corporation.

A firm that self-insures pursuant to the provisions of paragraph 3 shall certify to the Institute that the firm has self-insured for the amount of coverage required by the Institute.

(2) Maximum allowable deductible

In respect of the amount of insurance required to be maintained by members, firms and professional corporations pursuant to paragraph 1, any deductible amount shall be reasonable in relation to the total revenues of the member's, firm's or professional corporation's practice of public accounting and shall not exceed 50 per cent of the minimum coverage amount required to be maintained by the member, firm or professional corporation. A member, firm or professional corporation shall ensure the member, firm or professional corporation has set aside assets at least equal in value to the amount of the deductible that is specified in the professional liability insurance policy and which meets the requirements of this paragraph. The assets set aside for this purpose must be cash (cash on hand or demand deposits) or cash equivalents (such as a letter of credit or short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value). The provisions of this paragraph do not apply to a firm that has certified to the Institute pursuant to the provisions of paragraph 3 that the firm has self-insured for the amount of professional liability insurance coverage required by the Institute.

(3) Firms may self-insure

A firm in respect of which professional liability insurance coverage in the amount required by the Institute is not reasonably available in the marketplace due to the size of the firm and its risk exposure shall certify to the Institute that the firm has self-

insured for the amount required by the Institute by setting aside assets at least equal in value to the amount of insurance required pursuant to paragraph 1. The requirement to set aside assets shall be fulfilled for the purpose of this paragraph by an insurance company that is formed directly or indirectly by the firm or by an association in which the firm is a member or for members by a global network of firms and that insurance company provides professional liability insurance coverage for the firm.

(4) Duration of coverage

In the event of

(a) the withdrawal of a partner or member employee from a practice of public accounting, whether or not that partner or employee continues to carry on the practice of public accounting elsewhere; or

(b) the merger, dissolution or cessation of practice of a firm, proprietorship or partnership engaged in the practice of public accounting, or

(c) the suspension, revocation or non-renewal of a professional corporation's registration certificate, or the dissolution or discontinuance of a professional corporation; or

(d) the withdrawal of a shareholder, officer, director or member employee of a professional corporation, whether or not that shareholder, officer, director or member employee continues to carry on the practice of public accounting elsewhere;

the professional liability insurance that was required to be carried pursuant to paragraph 1, prior to the occurrence of the event referred to in (a), (b), (c) or (d), shall continue to be maintained for a period of at least six years following the event to cover acts or omissions occurring prior to the event.

(5) Proof of coverage

Satisfactory proof of insurance coverage or certification of self-insurance shall be provided to the Institute within two months of the commencement of the practice of public accounting in Ontario, and on an annual basis thereafter, and shall be submitted in the form and manner prescribed by the Council.

(6) Other information

Members shall provide such other information as the Council requires to verify compliance with Bylaw 701 and this regulation.

(7) Notification of insurance cancellation or reduction

Every professional liability insurance contract shall be endorsed with the requirement that the insurer notify the Institute immediately of

(a) the cancellation of the insurance coverage; or

(b) the reduction of the insurance coverage below the level required pursuant to paragraph 1.

(8) Reinstatement fee

The amount of the reinstatement fee required to be paid pursuant to Bylaw 701(5) shall be $500.

(9) Readmission fee

The amount of the readmission fee required to be paid pursuant to Bylaw 701(7) shall be $1000.

~~(10) Public accounting services performed without fee or other reward~~

~~Pursuant to the *Public Accounting Act, 2004* and Ontario Regulation 238/05, the provisions of this regulation are not applicable to any member, firm or professional corporation licensed or authorized to practise public accounting who engages in such practise without fee or other reward.~~

(10) Assurance services performed without fee or other reward

Pursuant to the *Public Accounting Act, 2004* and Ontario Regulation 238/05, the provisions of this regulation are applicable on and after January 1, 2009 in respect of any member, firm or professional corporation who provides assurance services without fee or other reward.

(11) Definitions

In this regulation, terms have the same meaning as defined in Bylaw 103.